



SENATE FISCAL OFFICE
REPORT

FY2027 BUDGET: CHANGES TO THE GOVERNOR

**2026-H-7127 SUBSTITUTE A
AS PASSED BY THE HOUSE FINANCE COMMITTEE**

JUNE 3, 2026

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EXECUTIVE SUMMARY

Executive Summary

The Budget represents the \$15.2 billion spending plan for the State for the fiscal year ending June 30, 2027, (FY2027). Also included is the revised spending plan for the current fiscal year ending June 30, 2026, (FY2026). The Budget Reserve and Cash Stabilization Account (Rainy Day Fund) would be fully funded \$313.1 million. The following document summarizes key budget initiatives and changes.

Expenditures by Source	FY2026 Enacted	FY2026 Governor	FY2026 Supp.	Change to Enacted	FY2027 Governor	FY2027 Budget	Change to Enacted
General Revenue	\$5,809.4	\$5,825.0	\$5,837.5	\$28.1	\$5,954.7	\$6,073.2	\$263.8
Federal Funds	5,108.5	5,508.9	5,454.6	346.1	5,506.0	5,734.7	626.2
Restricted Receipts	458.5	557.1	550.4	91.8	459.8	464.7	6.2
Other Funds	2,960.0	3,277.1	3,228.4	268.4	2,938.5	2,964.7	4.7
Total	\$14,336.4	\$15,168.1	\$15,070.9	\$734.5	\$14,859.0	\$15,237.3	\$900.9
FTE Authorization	15,921.8	15,937.8	15,946.8	25.0	16,001.8	15,995.2	73.4

\$ in millions. Totals may vary due to rounding.

GENERAL REVENUE SURPLUS STATEMENT

	FY2024 Audited	FY2025 Preliminary Audit	FY2026 Supplemental	FY2027 Budget
Opening Surplus				
Free Surplus	\$412,262,973	\$326,355,037	\$241,634,407	\$222,742,168
Adjustment to Fund Balance	23,811,475	703,083	18,000,000	
Reappropriated Surplus	45,152,130	34,569,423	38,796,839	
Subtotal	\$481,226,578	\$361,627,543	\$298,431,246	\$222,742,168
Total Revenues	\$5,418,703,841	\$5,612,012,441	\$5,973,000,000	\$6,038,923,545
To Cash Stabilization Fund	(175,124,919)	(178,800,524)	(186,979,032)	(187,849,971)
From Cash Stabilization Fund				
Total Available Resources	\$5,724,805,500	\$5,794,839,460	\$6,084,452,214	\$6,073,815,742
Total Expenditures	5,236,111,578	5,535,537,980	5,837,506,846	6,073,163,638
Total Surplus	488,693,922	259,301,480	246,945,368	652,104
Transfers	(91,000,000)	(520,212)	(24,203,200)	
Transfer to Retirement System	(21,649,978)			
Transfer to Supp. State Budget Reserve Fund	(21,649,978)			
Repeal of surplus transfer to Supp. State Budget Reserve Fund	6,530,494	21,649,978		
Reappropriations	(34,569,423)	(38,796,839)		
Free Surplus	\$326,355,037	\$241,634,407	\$222,742,168	\$652,104
Rainy Day Fund	\$291,874,865	\$298,000,873	\$311,631,720	\$313,083,285

REVENUE CHANGES:

- **Supplemental Rainy Day Fund:** Shifts \$24.0 million of revenue to the Supplemental State Budget Reserve Account (Supplemental Rainy Day Fund), bringing its balance to \$55.0 million, or a full 1.0 percent of state revenue. The Supplemental Rainy Day Fund allows the state to keep a greater amount of funds in reserve. The two accounts together represent a total of 6.0 percent of available revenue.
- **High-Income Surtax Phase-In:** Phases in increased taxation on income over \$1.0 million by providing for a high-income surtax of 1.0 percent for TY2027 and then increasing by another 1.0 percentage point per year over the next two tax years. The phasing-in of the high-income surtax results in an increase of \$22.1 million in FY2027.
- **Refundable Child Tax Credit:** Establishes a new \$330 per child refundable tax credit (CTC) for certain eligible taxpayers to be used to offset personal income taxes or, in certain circumstances, increase personal income. The credit is for taxpayers with dependents 18 years old or younger with an income less than \$125,000 if married and filing jointly, or less than \$100,000 for all other types of filers. The credit is phased out at \$88,500 and \$110,640 respectively for the two categories of filers described above. The CTC is estimated to result in a revenue loss of \$23.1 million in FY2027 and \$46.6 million in FY2028.
- **Tax Amnesty:** Provides a tax amnesty program for a 75-day period ending February 15, 2027. Under the program, civil and criminal penalties for non-compliance with state tax laws would be forgiven, and interest owed will be reduced by 25.0 percent. It is estimated to generate \$26.3 million in additional one-time revenue.
- **Social Security Income Modification Expansion:** Expands the current personal income tax modification for social security by eliminating the “full retirement age” eligibility requirement. This is estimated to benefit 9,200 resident and 1,900 non-resident filers and reduce revenue by \$3.0 million in FY2027.
- **Decoupling from Sections of HR-1:** Decouples state policy from certain new federal rules related to how business income is determined for tax purposes. These include rules on research and development (R&D) expensing, business interest limitations, and small business stock gains. This is estimated to preserve \$23.6 million in FY2027.
- **Governor’s Proposals Not Included:**
 - **Transfers:** Does not include the proposed transfer of \$2.5 million from the reserves of the Rhode Island Health and Education Building Corporation (RIHEBC) and the \$2.0 million from the reserves of the Rhode Island Infrastructure Bank (RIIB) to the general fund.
 - **Tobacco-Related Revenue Initiatives:** Does not include the Governor’s proposed cigarette tax increase and the increase to the cigar tax cap. Also not included is the proposed elimination of the cigarette stamp discount for distributors.
 - **Motor Fuel Tax Rate Change:** Does not include the proposed decrease of the motor fuel tax rate to \$0.38 per gallon, which is a \$0.02 reduction from the enacted rate of \$0.40 per gallon.
 - **Newport Cruise Fee:** Does not include the proposed increase to the landing and boarding fees imposed on cruise vessels landing in Newport by \$5.00 and dedicate the additional revenue to the Rhode Island Public Transit Authority (RIPTA). RIPTA is addressed elsewhere in the Budget.

STATEWIDE

The Budget includes a total statewide reduction of 220.0 full-time equivalent (FTE) positions to reflect long-standing unfunded vacancies in several agencies. This reduction lowers the authorization FTE position limit to more closely align with the historical experience on filled and funded positions while maintaining flexibility for immediate needs.

Agency	Avg. # of Vacancies Past	FTE Position
	6 years	Reduction
Administration	50.0	(25.0)
Labor and Training	43.3	(20.0)
CCRI	100.0	(40.0)
RIC	185.0	(50.0)
Corrections	94.0	(50.0)
Transportation	60.0	(35.0)
Total	532.3	(220.0)

GENERAL GOVERNMENT

- **Enterprise Resource Planning:** Increases restricted receipts by \$32.0 million in the Supplemental Budget from the Information Technology Restricted Receipt (ITRR) account for the continued development, implementation, and support of the Enterprise Resource Planning system (ERP) supporting statewide payroll, human resources management, and financial management functions. The total project cost is \$91.3 million and the project out-year costs through FY2030 are \$28.6 million in ISF.
- **Office of Inspector General:** Establishes a new Office of Inspector General (OIG) with the purpose of investigating the management and operation of agencies as it relates to prevention and detection of fraud, waste, abuse, and mismanagement in the expenditure of public funds that harms the public interest. The Budget provides \$1.3 million for personnel and operating expenditures in FY2027 for the OIG representing half a year of operations. It also authorizes 12.0 FTE positions.
- **Cultural Economy Bond:** Question 4 if approved would allow the issuance of \$50.0 million in Cultural Economy bonds to be allocated as follows: \$45.0 million for the construction of a new State History Center. The State History will include exhibit and meeting space as well as storing the State's most valuable documents; \$5.0 million in general obligation bonds for the State Preservation Grant Program. The State Preservation Grant Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites.
- **SOS Address Confidentiality Program Manager position:** Funds a new Address Confidentiality Program Manager position within the Elections Division. The Address Confidentiality Program (ACP) enables victims of domestic violence, abuse, stalking, sexual assault, or human trafficking to keep their personal information safe from their abuser. The Department of State operates a mail forwarding service, where survivors can use a Department P.O. Box as a substitute address, and the Department ensures that the person's actual addresses is not listed in public information, such as the voter registration file.

HOUSING, ECONOMIC, AND WORKFORCE DEVELOPMENT:

- **Housing and Community Opportunity Bond:** Includes a ballot question for November 2026 requesting \$120.0 million in general obligation bonds to support community revitalization, increase production and infrastructure for affordable and middle-income housing, and promote home ownership. At least \$25.0 million is reserved for the development of housing designated for home ownership, and up to \$10.0 million may be used to support public housing development.
- **Reauthorization of Incentives:** Reauthorizes 10 economic development incentives.
- **Main Street Coordinating Program:** Reserves \$150,000 out of the Executive Office Commerce general revenue appropriation for the Main Street Coordinating Program (MSCP) that was established by the General Assembly in 2025 to promote economic activity and is administered by Grow Smart RI.
- **Economic Development Bond:** Includes a \$115.0 million general obligation bond authorization to be placed on the November 2026 ballot to fund industrial facilities infrastructure improvements. \$45.0

million is designated for infrastructure, projects, and investment in the state's ocean, defense, life sciences, data analytics, and related industries. \$70.0 million is designated for site development including land acquisition, remediation, infrastructure and utility construction, and industrial site preparation and development.

- **Real Jobs:** Includes \$6.1 million of general revenue to fund the Real Jobs Rhode Island program in FY2026 and FY2027. There are 61 sector partnerships that are leveraging Real Job Rhode Island and more than 34,200 Rhode Islanders have been trained for in-demand jobs since its inception in 2015.
- **FIFA World Cup Security:** The FY2026 Revised Budget includes \$250,000 of general revenue for expenses related to the upcoming 2026 Fédération Internationale de Football Association (FIFA) World Cup. The State expects to have a state public safety presence at The Graduate Hotel in Providence, as well as at Bryant University in Smithfield.

EDUCATION:

- **Education Aid – Funding Formula:** Adds \$47.1 million in education aid funding to support the March 2026 enrollment update with the student success factor weight at 43.0 percent for all districts, an additional \$2.5 million to fully fund the transportation categorical, and an increase of \$2.5 million in High-Cost Special Education reimbursements. In addition, the Budget adds \$1.0 million in career and technical education support. Article 7 continues to require that an estimate of education aid using expanded direct certification with Medicaid be submitted with the Department's FY2028 budget request.
- **CF Schools to Local Control:** Returns Central Falls School District to local control beginning in FY2027. The City will contribute to the district the sum of 1.0 percent of the prior year total tax levy, the city's prior year contribution, and \$500,000 from the school district's fund balance in FY2027 reduced by \$50,000 annually until balance meets target end point. The article also enables the City to exceed the minimum tax levy under RIGL 44-5-2 as needed to meet its contribution obligations if certified by the Department of Revenue.
- **RI Vision Education Services Program (RIVESP):** Provides \$684,600 in general revenue to replace federal IDEA Part B funds to support the RIVESP at the Sherlock Program at Rhode Island College (RIC). The Center provides teaching and consultation services to children who are blind or visually impaired, their families, and educational staff within the school environment.
- **RI Auditory Oral Education Program:** Includes \$425,000 in general revenue to support contract professional services at the RI Auditory Oral Education Program (AOEP), which was established in 2005 to provide students with cochlear implants and their families with an educational option focused on the use of the implants and the therapies needed to optimize success.
- **RI Surrogate Parent Program:** Adds \$150,000 in general revenue (\$247,156 in total general revenue) for the program that provides an educational surrogate parent to make education decisions for students with disabilities aged 3 to 22 who are in DCYF custody and whose parents are unable to act on their behalf.
- **Learn365RI:** Provides \$2.0 million for the Learn365RI initiative in FY2027, an increase of \$700,000 from the FY2026 enacted level to provide high-quality, out-of-school time programs focused on critical skill development.
- **School Construction Prospective Payment Schedule Revision:** Supports the Governor's interpretation of current statutory language related to projects funded from capital reserves and bonds to push a portion of the current service reimbursements from FY2027 into FY2028 and FY2029 but implements the changes to in FY2028 instead of FY2027 and restores \$14.2 million to support construction aid reimbursements under current practice.

- **School Construction Aid from FY2026:** Repeals the requirement that surplus funds appropriated to the school housing aid program be deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA), and moves the effective date back to effective July 1, 2025, instead of 2026. Consequently, the Budget shifts \$5.9 million in savings from project delays from FY2026 into FY2027.
- **Higher Education Bonds:** Approves the issuance of \$275.0 million in general obligation bonds to support projects constructing or improving higher educational facilities including: The University of Rhode Island Integrated Health Building, the Rhode Island College Adams Library, and the Community College of Rhode Island Workforce Innovation Center.
- **Public Higher Education RICAP:** Appropriates \$111.9 million in State support for various RICAP projects amongst State Institutions.
- **Onward We Learn (GEAR UP):** Provides \$4.8 million in federal funds from the Gaining Early Awareness and Readiness for Undergrad Program (GEAR UP), which supports Onward We Learn. The Budget allocates an additional \$100,000 from Learn365 to OWL, providing a total of \$4.9 million in all funds.
- **Hope Scholarship:** Extends the Hope Scholarship Pilot Program, a state-funded scholarship program for Rhode Island College juniors and seniors, for three more years with a sunset of June 30, 2033. Reporting requirements remain.
- **Promise Scholarship Program:** Expands eligibility for the Rhode Island Promise Scholarship at CCRI to students who enrolled in a postsecondary institution immediately after graduating high school or receiving an equivalency diploma but only remained in that institution for one semester and enrolled in CCRI the following semester. The article also allows eligible students to defer enrollment in CCRI for one semester.

LOCAL/MUNICIPAL ISSUES AND AID:

- **State Library Aid:** Provides an additional \$450,882 in general revenue to fully fund Resource Sharing State Library Aid at \$12.5 million, which reflects the current law level of 25.0 percent of the second prior fiscal year's local tax expenditure for library services.
- **PILOT State Aid Program:** Fully funds the state's payment in lieu of taxes (PILOT) state aid program, at \$49.0 million. The program provides municipalities up to 27.0 percent of the tax that would have been owed on property that is otherwise exempted from taxation by the state.
- **Distressed Communities State Aid Program:** Provides \$15.8 million for the state's Distressed Community Relief state aid program. This is \$940,571 more than the FY2026 enacted level, to accommodate the addition of East Providence to the program. The program assists municipalities with the highest property tax burdens relative to the wealth of taxpayers.
- **Sales Tax Adjustment – Car Tax State Aid Program:** Preserves the annual 2.0 percent sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program (Governor had proposed to eliminate it.)

HEALTH AND HUMAN SERVICES:

- **Rural Health Transformation Program (federal funds):** Adds the new federal Rural Health Transformation Program (RHTP) grant to be distributed in yearly tranches in federal FY2026 through FFY30 over six state agencies with 10.0 percent available for administrative expenses.

GBA 6 - Rural Health Transformation Program (RHTP) - Grant Year 1

Department	FY2026	FY2027	Total
Business Regulation	\$0.4	\$21.4	\$21.8
Labor and Training	0.4	7.0	7.4
Executive Office of Health and Human Services	5.6	68.8	74.5
Health	2.8	27.3	30.1
Behavioral Healthcare, Development Disabilities and Hospitals	0.5	4.1	4.5
Elementary and Secondary Education	1.1	4.8	5.9
Total	\$10.7	\$133.5	\$144.2
Funds to be appropriated in FY2028			13.4
Total			\$157.6

\$ in millions

- **RIPIN Dual Ombudsman:** Includes a general revenue increase of \$152,000 to continue navigation assistance for Medicare-Medicaid dual eligibility cases, contracted through the Rhode Island Parent Information Network, within the OHIC budget.
- **RIPIN- Hospital Care Transition Initiatives to OHA:** Includes a general revenue increase of \$500,000 to support the RIPIN's Hospital Care Transition program, which assists seniors, older adults, and patients with complex or chronic health needs who are Medicare or Medicaid eligible after they are discharged from hospitals.
- **Long-Term Services and Supports:** Increases the resource threshold for Medicaid beneficiaries with long-term-care needs who remain at home from \$4,000 for individuals and \$6,000 for couples to \$8,000 for individuals and \$12,000 for couples.
- **DCYF Federal Match Shortfall:** Appropriates \$3.0 million in current year and \$5.5 million in FY2027 to cover federal funds shortfall and operating support.
- **Independent Rate Model Provider Support:** Includes \$2.0 million in general revenues (\$4.0 million all funds) to support providers transitioning to Medicaid direct billing. This funding is intended to assist providers with the infrastructure expenses necessary to prepare for the implementation of the new rate model and ensure service delivery is not disrupted.
- **ESH Billing:** Current year increase of general revenues by \$10.0 million for billing issues at Eleanor Slater Hospital.
- **Ryan White HIV Care Program:** Provides \$2.0 million in FY2027, and \$1.5 million in FY2026, to support increased pharmaceutical costs for Ryan White HIV Care Program.
- **Eat Well Be Well Extension:** Increases general revenue spending by \$4.1 million to support a one-year extension of the Eat Well Be Well program, which was enacted to encourage healthy habits by reimbursing beneficiaries \$0.50 for every \$1.00 spent on eligible foods such as fruits and vegetables.
- **GLP-1 coverage:** Ends GLP-1 Medicaid coverage except for Type II Diabetes treatment, saving \$20.3 million (\$6.3 million general revenue).
- **RI Community Food Bank:** Provides \$1.9 million to the RI Community Food Bank for food collection and distribution, including \$1.0 million in one-time funding for FY2027.
- **988 Hotline:** Codifies the state's 988 National Suicide Prevention Hotline program and provides the BHDDH with the statutory authority to administer it. The Budget includes \$1.0 million in general revenue and \$5.0 million in all funds in FY2027 to run the program.

Provider Rates

- **OHIC Rate Recommendations:** Funds the biennial rate adjustments recommended by the OHIC Rate Review pursuant to RIGL 42-14.5 starting October 2026. This provides \$116.6 million more for provider rates in FY2027 than in the current year (\$155M full year value).
- **Disproportionate Share Hospital (DSH) Payments:** Adds \$25.0 million, including \$10.5 million in general revenue and \$14.5 million in federal funds, for Pool D hospitals over the FY2026 Budget as Enacted and an increase of \$15.0 million over the Governor’s FY2027 recommendation.
- **Hospital Rate Increase to Statutory Level:** Adds \$486,250 in general revenue and \$1.0 million in federal funds to support the hospital rate increase provided in current law.
- **Nursing Facilities Rate Increase at Current Law:** Includes \$2.1 million in general revenue and \$3.0 million in federal funds to fund the nursing facility rate increase at current law.
- **Nursing Home Assisted Living – Tier C Rate Increase:** Includes \$92,300 in general revenue and \$126,075 in federal funds to support a 13.0 percent increase in the assisted living Tier C reimbursement rate effective January 1, 2027, bringing the rate to about \$170 a day.
- **Nursing Home Behavioral Health Per-Diem:** Includes \$357,301 in general revenue (\$846,885 in all funds) to implement and update the behavioral health per-diem add-on program for particularly complex patients. The estimate assumes a start date of April 1, 2027, and the admission of 20 new residents.
- **Primary Care Assessment Sunset:** Due to the restrictions in HR-1 on new provider taxes, the Budget sunsets the Primary Care Assessment enacted in the FY2026 Budget on October 1, 2026. The assessment was estimated to generate \$30.0 million annually to support primary care and other critical healthcare programs.

Children’s Health

- **Early Intervention Program:** Adds \$50,000 in general revenue and \$150,000 in federal funds to ensure that children diagnosed with developmental disabilities whose third birthday is between May 1 and August 31 continue to receive early intervention (EI) services through September 1 after the child’s third birthday. Article 8 also requires private and public health insurers to cover the extended EI option.
- **Psychiatric Resource Network (PRN):** Provides \$450,000 in general revenue funding to support the PediPRN programs. The Budget also mandates that the Department manage all funds available to effectuate coverage the PediPRN and MomsPRN programs.
- **Birthing Centers:** Article 12 sets forth legislative findings that establish a review and information disclosure process to avoid the closure of a birthing center. The Budget provides \$1.6 million in funding to support the Newport Birthing Center.
- **Child Care Eligibility Increase** Beginning January 1, 2027, the Budget increases the income limit for eligible families from 261.0 percent to 285.0 percent of the federal poverty level (FPL).
- **TANF Protective Services Category:** Article 10 establishes a new ‘protective services category’ which includes foster or kinship children served through DCYF.
- **Child Support Pass Through:** Increases the child support pass through from \$50 regardless of the number of children to \$100 for one child and \$200 for more than one child.
- **Child Care Rate Increase by 5.0 Percent:** Increases reimbursement rates for infants at center-based childcare providers by 5.0 percent.

- **Home Visiting:** Fully funds the Maternal, Infant, and Early Childhood Home Visiting program, a federal initiative that supports pregnant women and young children through home visits and other services. The maximum match is \$787,000, bringing \$2.4 million in federal funds to Rhode Island.

Health Care Capacity and Affordability

- **Hospital Financing Support:** Revised Budget adds \$18.0 million in general revenue reflecting action taken by the General Assembly enacted as Public Law 2026, Chapter 001 that authored the State Controller to transfer \$18.0 million from the Supplemental Budget Reserve Fund to general revenue to establish the Hospital Financing Support Debt Service Reserve, to assist in the sale, and thereby facilitating the continued operation of the Roger Williams Medical Center and Our Lady of Fatima Hospital.
- **Pharmacy Benefit Manager Transparency Reporting and Study Act:** Requires Pharmacy Benefit Managers to provide the Office of the Health Insurance Commissioner with a transparency report detailing financial business information related to practices amongst pharmacy benefit managers in RI.
- **Rhode Island Marketplace Affordability Program Act:** The article establishes the Rhode Island Marketplace Affordability Program, which is a State-based subsidy program, appropriating \$19.0 million in general revenue which will partially replace the expired advanced premium tax credits (APTC). The program prioritizes households with incomes below 200.0 percent of the federal poverty level in the first year of the program and is estimated to aid approximately 20,000 individuals.
- **Health Spending Accountability and Transparency Program:** Establishes the Health Spending and Transparency Program within the Office of the Health Insurance Commissioner to address health care affordability, specifically codifying the cost growth target program. The Budget provides \$50,000 to support the program.
- **Health Professional Loan Repayment Program:** Includes \$400,000 for the health professional loan repayment program. The program provides loan repayment assistance to health professionals such as licensed primary care, dental, and mental health clinicians, working for a minimum of two years at an approved health professional shortage area.
- **Primary Care Training Sites:** Supplemental budget includes \$2.5 million in all funds to support the Primary Care Training Sites.
- **URI Medical School:** Appropriates \$5.0 Million for start-up and operating costs related to the RI Medical School. The University indicates that it would require \$5.0 million in FY2027, \$7.0 million in FY2028, and \$8.0 million in FY2029 for operating costs alone. The Legislative Commission charged with studying the medical school's overall impacts towards Rhode Island reported increased access to primary care professionals, and a \$196 million return on investment.

PUBLIC SAFETY:

- **Domestic Violence Calendar (3.0 new FTE positions):** Adds \$635,000 and 3.0 new FTE positions to support the creation of a new Domestic Violence Calendar within the Superior Court to improve efficiency, victim safety, and enforcement of bail conditions, no-contact orders, and projective orders.
- **Go Team Expansion:** Provides \$760,000 of general revenue to the Family Service of Rhode Island's Go Team in FY2027 and \$558,089 in FY2026. The GO Team is comprised of trauma experts who correspond with the State Police at the scene to support children who are victims of violence and other trauma.
- **1.0 FTE Assistant Public Defender Position:** Supports 1.0 new FTE position within the Office of the Public Defender. The Office's FY2027 budget request indicates that staffing levels have not kept up with caseloads, resulting in non-executive attorney staff turnover of almost 60.0 percent since 2020.

- **Fire Academy Expansion Completion:** Includes \$962,000 in capital plan funds for projects related to updating the Fire Academy. The General Assembly appropriated a total of \$11.0 million to expand the Fire Training Academy auditorium, expand the Confined Space and Trench Rescue Training Simulators, and re-use of an existing State-owned building as an evidence repository.
- **State Police Officer Pension Reform:** Provides a net increase of \$2.6 million in all funds to support the impact of two revisions to the State Police pension calculations included in Article 3. The first revision reduces the number of years included in the calculation of pension benefits for State Police personnel. The calculation currently utilizes compensation based on the highest five consecutive years of service, which is reduced to the highest three consecutive years. This is a technical change related to a drafting error in the FY2026 Budget as Enacted and reflects changes made for other state employees. The second revision increases the benefit accrual rate from 2.0 percent to 3.0 percent after 20 years of service for members hired before July 1, 2007, and to 3.0 percent after 25 years of service for members hired on or after July 1, 2027.

ENERGY/ENVIRONMENT:

- **EC4 Funding:** Level-funds Executive Climate Change Coordinating Council (EC-4) with \$1.5 million of Regional Greenhouse Gas Initiative auction proceeds. The Council will develop its spending plan in the fall and submit for approval with the Governor's budget submission next year.
- **Energy Standards:** Amends state energy laws to address affordability while supporting emissions reduction and clean energy efforts. It revises the Virtual Net Metering (VNM) program for large-scale solar projects; adds large scale hydroelectric and nuclear as zero emission resources that have no direct emissions of greenhouse gases; lowers the Virtual Net Metering cap that was set in 2023 from 275 megawatts to 175 megawatts.
- **Green Economy Bonds:** Authorizes \$55.0 million in bonds supporting green economy, \$5.0 million more than recommended by the Governor.
- **Replacement of Forestry Fire Hoses:** Provides \$50,000 to purchase fire hoses for the Division of Agriculture and Forest Environment. The current hoses are about 40 years old and recent fires have highlighted the need for new equipment.
- **Online Permitting Application Portal:** Includes \$752,000 in general revenue to support the maintenance and operating costs of DEM's online application portals for construction permitting and business licensing.
- **Permit and Enforcement Database:** Restores the \$50,000 placeholder for a permit and enforcement database at CRMC that is required by the federal government until the database costs are finalized. The initial build and implementation of the database is currently estimated at \$2.0 million.

TRANSPORTATION/TRANSIT:

- **RIPTA Statutory Funding:** The Budget provides \$82.1 million in statutory funding to the Rhode Island Public Transit Authority (RIPTA) in FY2027, including \$51.5 million in gas tax receipts and \$30.7 million in Rhode Island Highway Maintenance Account (HMA) funds. The HMA funding reflects a \$14.5 million increase from the previous year, primarily due to the allocation revision in Article 2. Article 2 increases RIPTA's percentage share of the HMA from 10.0 percent to 25.0 percent and removes the Authority's fixed share. The following table compares RIPTA's HMA and gas tax receipts included in the Budget to the funding included in the FY2026 Budget as Enacted.

Statutory Funding to RIPTA

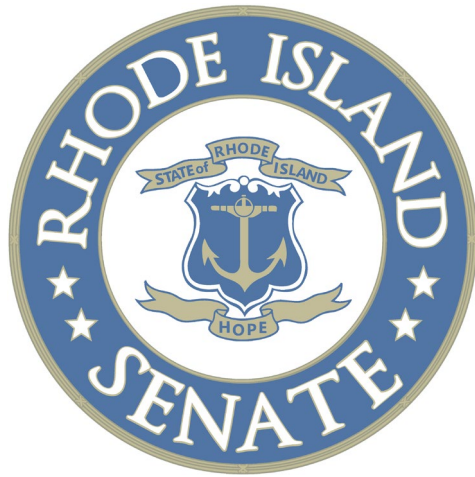
<i>Highway Maintenance Account Receipts</i>	FY2026 Enacted*	FY2027 Budget†	Change
Percentage Transfer (Increased from 10% to 25% in FY2027)	\$11,181,588	30,667,188	19,485,600
Fixed Transfer (Eliminated in FY2027)	5,000,000	-	(5,000,000)
Subtotal	\$16,181,588	\$30,667,188	\$14,485,600
Gas Tax			
Statutory Gas Tax (\$0.1125 /gallon)	\$49,041,146	\$49,260,938	\$219,791
Share of Environmental Protection Fee (\$0.005 /gallon)	2,179,607	2,189,375	9,769
Share of Office of Healthy Aging (\$0.0079 /gallon)‡	3,443,778	3,459,213	15,434
Subtotal	\$51,220,753	\$51,450,313	\$229,560
Total	\$67,402,341	\$82,117,501	\$14,715,160

*Based off May 2025 projections from ORA

†Based off May 2026 projections from ORA

‡Is not transferred directly to RIPTA

- **RIPTA Nonoperating:** The Budget provides funding to support various non-operating RIPTA initiatives including \$3.0 million in RICAP funds to renovate and replace aging bus shelters. Additionally, the Budget provides RIPTA with a dedicated funding source of greenhouse gas emission credits to support 50.0 percent of the annual state match to purchase electric buses.
- **RIPTA Board Chair:** Prohibits the Director of RIDOT from serving as Chair of the RIPTA board.
- **Rhode Works Truck Tolling Implementation:** Includes \$20.0 million of revenue in FY2027 and \$40.0 million in out-year FY2028 from the reinstatement of the RhodeWorks program. The assumption reflects \$10.0 million in toll receipts collected each quarter.
- **Transportation Efficiency Study:** Directs the Office of Internal Audit and Program Integrity to commission an efficiency and performance audit of the Department of Transportation (DOT) by January 1, 2027. The audit will evaluate the Department's asset management ability. This includes the status of pavement, bridges, and intelligent transportation systems assets, backlog replacement needs, and lifecycle cost analysis. It will also review the Department's maintenance and operations efficiency, with evaluation areas including the cost per lane-mile per district, salt and chemical usage, vehicle and equipment availability, and overtime utilization.
- **Rhode Restore:** Includes \$10.0 million of gas tax receipts to fund the Rhode Restore program in FY2027 and \$6.5 million in FY2026. The Rhode Restore program, previously titled the Municipal Road Grant program, provides municipalities with funding to improve locally owned roads and infrastructure.
- **Bridge Inspection Oversight Personnel:** Increases the Department's FTE authorization and includes \$356,492 of federal funds to support the salary and benefits of 2.0 new Chief Civil Engineer positions to support the Department's bridge division on inspection oversight.



FY2027 BUDGET

FY2027 Revenue Changes

May 2026 REC

\$79.2 million

The May 2026 Revenue Estimating Conference (REC) increased its business taxes revenue estimate from November by \$28.6 million and its personal income tax estimate by \$35.0 million. Sales taxes were increased by 4.1 million. Other taxes and revenues also increased by \$11.1 million. These gains resulted in an overall increase of \$79.2 million in available revenue.

High-Income Surtax Phase-In

(\$45.5 million)

The Budget reduces available general revenue by \$45.5 million based on modification made to the Governor's proposal to increase the income tax rate on personal income over \$1.0 million to 8.99 percent beginning January 1, 2027. Article 6 of the Budget phases in increased taxation on the income over \$1.0 million by providing for a high-income surtax of 1.0 percent for TY2027 and then increasing by another 1.0 percentage point per year over the next two tax years. The phasing-in of the high-income results in \$45.5 million less in revenue as compared to the Governor's recommendation.

Health Services Funding Assessment

(\$22.5 million)

The Budget reduces available general revenue in FY2027 by \$22.5 million by sunseting the recently enacted Health Services Funding Assessment. The FY2026 Budget as Enacted established an assessment on health services to be used to augment primary healthcare reimbursement rates (bringing Medicaid services rates up to Medicare levels). The levy is similar to the child and adult immunization program assessments and was projected to be about \$4.00 per month per covered life beginning January 1, 2026. The assessment was estimated to generate \$30.0 million annually. Federal legislation passed after the FY2026 Budget as Enacted restricts the imposition of new provider taxes such as this assessment. In response, the Budget as Passed by House Finance sunsets the assessment on October 1, 2026.

Refundable Child Tax Credit

(\$8.2 million)

The Budget reduces available general revenue in FY2027 by \$8.2 million based on a modification made to the Governor's proposal to provide a \$325 per-child tax credit. Article 6 of the Budget increases the per-child credit to \$330 while having it phase-out at \$100,000 for taxpayers filing individually, married but filing separately, as head of household, or as a qualifying widow or widower; and \$125,000 for those married and filing jointly. The Budget also does not include the Governor's proposal to eliminate the existing dependent exemption. Taken together, maintaining the existing exemption and adding the refundable credit increases the average benefit by \$445 for taxpayers with incomes less than \$100,000, as compared to current law. The modified credit initiative is estimated to generate a revenue loss of \$23.1 million in FY2027, \$8.2 million more than the Governor's proposal.

Tobacco-Related Changes

(\$8.0 million)

The Budget reduces available general revenue in FY2027 by \$8.0 million by not including several tobacco-related revenue initiatives proposed by the Governor. The Budget eliminates the \$0.75 per pack increase in the cigarette excise tax included in the Governor's FY2027 Budget recommendation resulting in a \$6.7 million reduction in revenue in FY2027. It also eliminates the accompanying one-time floor tax of the same amount on existing cigarette stock and its associated revenue of \$780,738. Lastly, the Budget removes the Governor's proposal to increase the per-cigar cap to \$2.00 that was estimated to generate \$621,090. The removal of these initiatives combined for a reduction of \$8.0 million in available revenue in FY2027.

Corporate Tax Deduction Decoupling**\$1.0 million**

The Budget increases available general revenue in FY2027 by decoupling from additional tax provisions recently enacted at the federal level. Article 6 decouples State's policy from certain new federal rules related to how a business' income is determined for tax purposes. Rhode Island's income tax laws piggyback off the federal Internal Revenue Service's rules and statutes. This includes the definition of net income for state business corporations tax purposes, inclusive of all the various modifications to taxable income that are allowed at the federal level.

In 2025, Congress enacted significant changes to the federal tax structure that include a modification relating to how businesses can treat research and development (R&D) costs and limitations on how interest expenses and small business stock gains are treated when determining income. The Governor recommended decoupling from the R&D provisions. The Budget adds the latter two, resulting in increased revenue.

Child Support Pass-Through to Federal Max**(\$556,471)**

The Budget reduces available general revenue by \$556,471 in FY2027 based on changes in child support policy for participants in the Temporary Assistance for Needy Families (TANF) program. A portion of child support payments successfully collected by the Department of Human Services on behalf of TANF participants are retained by the state to offset the cost of government assistance. Article 10 of the Budget increases the amount of child support to pass through to the participant from \$50 to \$100 for the first child and allows \$200 for families with two or more children. Current state law allows \$50 in child support to pass through to the recipient family. Article 10 of the Budget increases the pass-through payment to \$100 for the first child and \$200 for families with two or more children, which is the maximum allowed by the federal government.

Motor Fuel Tax Rate (other revenue)**[\$8.8 million]**

The Budget maintains current motor fuel tax revenue FY2027 by not including the Governor's recommendation to lowering the gas tax. Article 11 of the Governor's Budget amends RIGL 31-36-20 to lower the motor fuel tax rate to \$0.38 per gallon at the start of FY2027, reflecting a \$0.02 reduction from the enacted rate of \$0.40 per gallon. Currently, the State assesses a \$0.40 per gallon tax on motor fuel, of which \$0.02 funds debt service for the State's motor fuel bonds. The Office of Management and Budget indicates that the current series of bonds was defeased in December 2025 and the revenue is no longer needed to service their debt. The Budget does not include this initiative.

Newport Cruise Fee (other revenue)**[-\$1.0 million]**

The Budget reduces restricted receipt revenue by \$1.0 million in FY2027 by removing the Governor's recommendation to increasing vessel boarding fees in Newport. The Governor's FY2027 Budget recommended increasing the landing and boarding fees imposed on cruise vessels landing in Newport by \$5.00 and dedicating the additional revenue to the Rhode Island Public Transit Authority (RIPTA). The State authorizes the City of Newport to charge cruise vessels a \$10 landing fee for each passenger that disembarks, as well as a \$10 boarding fee for each passenger entering the ship. The proposal would have increased both fees by \$5.00 each and requires that the additional revenue is transferred to RIPTA to support the Authority's operations in Newport and on Aquidneck Island. The proposal was estimated to generate \$1.0 million for the Authority in FY2027.

FY2027 Expenditure Changes by Agency

STATEWIDE- FTE VACANCY REDUCTIONS

The Budget includes a total statewide reduction of 220.0 full-time equivalent (FTE) positions to reflect long-standing unfunded vacancies in several agencies. This reduction lowers the authorization FTE position limit to more closely align with the historical experience on filled and funded positions while maintaining flexibility for immediate needs.

The reduction in the Department of Administration reflects positions in the internal service fund program allocation.

Agency	Avg. # of Vacancies Past 6 years	FTE Position Reduction
Administration	50.0	(25.0)
Labor and Training	43.3	(20.0)
CCRI	100.0	(40.0)
RIC	185.0	(50.0)
Corrections	94.0	(50.0)
Transportation	60.0	(35.0)
Total	532.3	(220.0)

DEPARTMENT OF ADMINISTRATION

Health Source Individual Marketplace Affordability Full Year

\$9.5 million

The Budget includes an additional \$9.5 million in general revenue to support a State-based subsidy program created to partially replace expired enhanced advanced premium tax credits (eAPTCs). The FY2027 Governor's Budget included \$9.5 million in general revenue to partially replace the expired enhanced advanced premium tax credits (eAPTC), which increases in the out years. The Budget now includes a total \$19.0 million to fully support the program.

DCAMM Project Managers

\$2.2 million

As part of the FY2027 recommended budget, the Governor proposed shifting the personnel costs for the project manager expenses from general revenue directly to RICAP funds. The Governor previously proposed the cost shift which was rejected by the General Assembly as part of the proposed FY2025 and FY2026 Budgets.

The General Assembly does not concur with the Governor's proposal and restores \$2.2 million in general revenue to fund the personnel costs for approximately 11.0 Project Manager positions in the Division of Capital Asset and Management (DCAMM).

Debt Service

(\$1.3 million)

Pursuant to a Governor's budget amendment, the Budget decreases general revenues by \$1.3 million for debt service on two items. The first item is a decrease of \$954,054 for the Fidelity FMR II Job Rent Credits debt service as a result of available reserve funds available to cover remaining debt service in full and the second item reflects a decrease of \$344,829 for revised FY2027 general obligation debt service from the recent issuance of 2026 Series A and B bonds issued on April 22, 2026.

HSRI to Available Receipts

(\$500,000)

The Budget includes a \$500,000 general revenue shift to restricted receipts, fully supported through the Health Reform Assessment, which was established in the 2016 Budget as Enacted, charging the Division to establish and maintain a financing mechanism for the state-based exchange. Article 18 established a 3.5 percent fee. The assessment is used to fund the operational costs of HealthSource RI, the state-based health

benefits marketplace for individual and small group health insurance and the avenue through which Rhode Islanders access federal health insurance subsidies.

Purchasing Expenses to Assessment Receipts ***(\$500,000)***

The Budget shifts \$500,000 in general revenue purchasing expenses to restricted receipts. The FY2026 Budget as Enacted established a 0.33 percent administrative fee to be assessed on all state contracts beginning on January 1, 2026, and reduces the current 1.0 percent administrative fee on master price agreements (MPA) to 0.33 percent. Revenue from the fee would be restricted to support the Division of Purchases, such as implementing and operating technology for the submission and processing of bids, and other costs related to state procurement including staffing. Currently, a \$2.2 million balance is projected at the end of FY2027. The Budget shifts \$500,000 of general revenue expenses to available receipts. There is a corresponding increase of \$500,000 in restricted receipts.

Garrahy/Innovation District Garage ***(\$493,339)***

The Budget eliminates \$493,339 in general revenue for debt service for the Garrahy/Innovation District Garage.

The FY2016 Budget as Enacted authorized the State to enter into an agreement with the Rhode Island Convention Center Authority (Authority) to develop, construct, and operate a parking garage. The resolution authorized the issuance of up to \$45.0 million in debt to fund the design and construction of a parking garage and retail space on state-owned land on the site of the existing Garrahy Courthouse surface parking lot.

The projected debt service cost in FY2027 is \$3.0 million. This is offset by the projected State lease payments of \$2.5 million paid by leased parking space at the garage, leaving a funding gap of approximately \$493,339. The FY2027 capital plan projects that the full annual debt service amount will be paid by the leased parking revenues after FY2027. The Budget does not include further debt service payments beyond FY2026, requiring the Authority to cover the full cost of the debt service.

Resource Sharing and State Library Aid ***\$450,882***

The Budget provides an additional \$450,882 in general revenue to fully fund Resource Sharing State Library Aid at \$12.5 million, which reflects a current reimbursement level of 25.0 percent of the second prior fiscal year's local tax expenditures for library services.

LEED Certification Report ***\$50,000***

The Budget provides \$50,000 in general revenue to fund the Leadership in Energy and Environmental Design (LEED) certification report required by Article 3 coinciding with the transfer of the administrative authority for the Green Buildings Advisory Council (GBAC) and the Green Buildings Act (GBA) from the Department of Administration (DOA) to the Department of Business Regulation (DBR). The article requires the DOA to commission a report to analyze costs and benefits of LEED certification compared to equivalent standards. The Budget as proposed mistakenly listed the appropriation under DBR rather than DOA. This item corrects that error. There is a corresponding decrease of \$50,000 in general revenue under the Department of Business Regulation.

ARPA CPF – Pandemic Recovery Office (federal funds) ***\$474***

The Budget increases federal funds by \$474 to reflect the correct amount of available funds in FY2027.

Rhode Island Capital Fund (RICAP) Changes (other funds) ***\$2.5 million***

The Budget includes an increase of \$2.5 million in RICAP funds based on current expenditures and projections on the following projects:

- **IT Enterprise Operations Center:** The Budget increases RICAP funds by \$3.0 million for ongoing HVAC work and asset protection, reflecting updated project expectations and a shift of \$3.0 million from FY2026 to FY2027.

- **Communities Facilities Asset Protection:** The Budget increases RICAP funds by \$600,000, reflecting a shift of funds from FY2026 to FY2027 due to project delays in funding associated with exterior and interior renovations, window and door replacement, and heating system upgrades at the Briggs School in Warwick.
- **Big River Management Area:** The Budget shifts \$593,000 in RICAP funds from the Department of Administration (DOA) to the Department of Environmental Management (DEM) in conjunction with the proposed transfer of the Big River Management Area (BRMA) to DEM.

Article 3 transfers administrative and regulatory authority over the Big River Management Area (BRMA) reservoir lands from the Water Resources Board (WRB) within DOA to DEM. Currently, DEM is managing the property through a Memorandum of Understanding (MOU) with the WRB and is thereby responsible for issues with the property including access and public safety. Given DEM's current role with the management areas and their experience with land management across the State, the Governor recommends the transfer of administrative and regulatory authority. The Budget also includes the transfer of 1.0 FTE position and \$148,296 in general revenue to support the administration of the property.

- **State Office Reorganization and Relocation:** The capital budget includes RICAP funding of \$750,000 in FY2027 to redesign office space, move personnel, and relocate storage to other locations. The capital plan includes annual out-year RICAP appropriations of \$750,000 through post-FY2031. However, because specific projects have not been identified, the Budget decreases the amount by \$500,000 leaving \$250,000 in RICAP funds for FY2027.

DEPARTMENT OF BUSINESS REGULATION

E-Permitting Current Service ***\$200,000***

The Budget includes a general revenue increase of \$200,000, bringing total funding to \$1.2 million. In FY2026, the Department experienced a \$230,526 general revenue reduction, which supported 1.0 FTE position that enabled the Department to be compliant with current law, and expand the program to other permitting types. The Governor's recommended budget had not restored the funding cut and the program remained level funded at \$1.0 million.

RIPIN Dual Ombudsman ***\$152,000***

The Budget includes a general revenue increase of \$152,000 to continue navigation assistance for Medicare-Medicaid dual eligibility cases, contracted through the Rhode Island Parent Information Network, within the Office of the Health Insurance Commissioner's Budget.

Technical Correction ***(\$76,000)***

The Budget includes a general revenue reduction of \$76,000, with a corresponding restricted receipt decrease of \$350,000 to correct overstatements in the Governors' recommended budget.

LEED Certification Report to DOA ***(\$50,000)***

The Budget includes a \$50,000 general revenue reduction reflecting the transfer of the Leadership in Energy and Environment Design (LEED) study from the Department to the Department of Administration (DOA).

OHIC Rate Review Technical Adjustment ***(\$16,136)***

The Budget includes a general revenue reduction of \$16,136, with a corresponding \$5,000 federal funds decrease to correct overstatements for the rate review as identified by the Office of the Health Insurance Commissioner.

Rural Health Transformation Program (federal funds)**\$21.4 million**

Pursuant to GBA 6, the Budget adds \$21.4 million in FY2027 and \$414,675 in FY2026 from the new federal RHTP grant. The Office of the Health Insurance Commissioner will use the funds to address Initiative #11: Supporting Hospitals and Primary Care in Value-Based Payment Transition. According to the Office, \$14.6 million is for a transformation fund grant program to which eligible providers can apply to receive necessary funds for Alternative Payment Models (APM) such as digital wallets and bank transfers. Of these funds, \$5.0 million will support APM participation initiatives, \$1.0 million will support policy consultancy, and \$1.0 million for technical assistance to hospitals. Remaining funds will be used for office supplies for new staff, travel, and indirect costs.

The GBA adds 2.0 new FTE positions in FY2026 that are carried into FY2027. The positions include the following:

- **Principal Policy Analyst (Hospitals):** Under the general supervision of the Director of Policy, the Principal Policy Analyst will perform work related to hospital payment and delivery system transformation. They will serve as the subject matter expert on alternative hospital payment models and lead initiatives to support adoption of State-approved, quality-linked advanced alternative payment models (APMs), including global budgets, with a focus on rural hospital sustainability and access to care.
- **Principal Policy Analyst (Primary Care):** Under the general supervision of the Director of Policy, the Principal Policy Analyst will perform work related to primary care payment and delivery system transformation. They will serve as the subject matter expert on value-based primary care payment models and lead initiatives to support adoption of State-approved, quality-linked advanced alternative payment models (APMs), with a particular focus on primary care capitation and rural provider sustainability.

CANNABIS CONTROL COMMISSION**Removes 2.0 New FTE Positions****(\$345,084)**

The Budget includes a reduction of \$345,084 in restricted receipts, removing 2.0 proposed FTE positions, 1.0 Senior Legal Counsel and 1.0 Data Analyst II. The Commission has 2.0 vacancies as of May 2026.

- **Senior Legal Counsel (\$160,924):** The Governor included a restricted receipt increase of \$160,924 to support 1.0 new FTE position within the Adult Use Marijuana Program. According to the Commission, the CCC lacks adequate in-house legal capacity, leaving the agency vulnerable to delayed responses in high-stakes legal matters, regulatory challenges, and potential litigation. The position would provide expertise in regulatory development and interpretation, litigation risk management, compliance assurance, contract oversight, and inter-agency legal coordination.
- **Data Analyst II (\$183,786):** The Governor recommended a restricted receipt increase of \$183,786 to support 1.0 new FTE position within the Adult Use Marijuana Program. The position would enhance the Commission's regulatory oversight, improve operational efficiency, and increase transparency. This role will enable the commission to leverage existing data more effectively, detect anomalies, support enforcement actions, and collaborate more effectively with public health and safety partners.

The Budget does not include the positions.

DEPARTMENT OF LABOR AND TRAINING**Rural Health Transformation Program (federal funds)****\$7.0 million**

Pursuant to Governor's Budget Amendment 6, dated April 2, 2026, the Budget increases federal funds by \$7.0 million in FY2027 to reflect the Department of Labor and Training's workforce development role in the Rural Health Transformation (RHT) program. Included in HR-1, the RHT program provides federal

funds to States to improve the access, quality, and outcomes of healthcare in rural communities. With this funding, the Department of Labor and Training will expand the training, job matching, and career counseling currently offered through the Real Jobs Rhode Island program to support rural healthcare providers.

DEPARTMENT OF REVENUE

Motor Vehicle Excise Tax Reimbursement State Aid Program – Sales Tax Escalator **\$4.8 million**

The Budget adds \$4.8 million to the Motor Vehicle Excise Tax Reimbursement state aid program, for a total of \$244.3 million. Current law (RIGL 44-34.1-2 (c)) provides that beginning in FY2026, the car tax reimbursement provided to municipalities will include an annual adjustment indexed to growth in the state sales tax and capped at 2.0 percent. This adjustment was originally enacted to mitigate potential foregone revenue loss subsequent to the elimination of the car tax due to changes in the economy. The Governor's FY2027 Budget proposed to eliminate this adjustment, which would have produced an estimated expenditure savings of \$4.8 million. The Budget as passed by House Finance does not include this proposal.

Distressed Communities Aid **\$940,571**

The Budget adds \$940,571 to the State's Distressed Community Relief program, for a total of \$15.8 million. This state aid program helps communities with the highest property tax burdens relative to the wealth of taxpayers. At the time the Governor submitted the Budget to the General Assembly in January 2026, the data needed to determine which communities are eligible for Distressed Community had not been released by the U.S. Census. The delay required the Division of Municipal Finance to use 2024 Census data to calculate a distribution estimate. Based on this data seven communities were determined eligible. The data has subsequently been updated by the U.S. Census for 2025. The new information indicates that East Providence is now eligible for the program in FY2027, and the Budget adds the funds to accommodate the eighth eligible community.

Integrated Tax System **\$520,000**

The Budget includes an additional \$520,000 in FY2026 within the Division of Taxation to support the advancement of its integrated tax system. The Governor's FY2026 revised budget recommendation included \$6.1 million to cover service contracts, maintenance, and other support. This amount was \$520,000 less than the Department had requested. The additional expenditure is being offset with turnover savings.

Turnover **(\$520,000)**

The Budget includes \$520,000 250,000 in personnel turnover savings in FY2027. The savings are based on ongoing vacancies and the Department's third quarter report.

LEGISLATURE

Turnover **(\$1.3 million)**

The Budget includes \$1.3 million personnel turnover savings in FY2027 based on the spending in the current fiscal year.

OFFICE OF THE SECRETARY OF STATE

Address Confidentiality Program FTE **\$120,288**

The Budget adds \$120,288 in general revenue to fund a new 1.0 FTE position as requested by the Secretary of State. The Address Confidentiality Program Manager position would be within the Elections Division. The proposed salary and benefit cost is \$120,288 in FY2027.

The Address Confidentiality Program (ACP), established in 2022, is one of the lesser-known programs managed by the Department of State. The ACP enables victims of domestic violence, abuse, stalking, sexual assault, or human trafficking to keep their personal information safe from their abuser.

The Department of State operates a mail forwarding service, where survivors can use a Department P.O. Box as a substitute address, and the Department ensures that the person's actual addresses is not listed in public information, such as the voter registration file.

The ACP currently serves 130 survivors, including 51 children and does not have its own dedicated staff. A full-time staff person would enable the Department to expand its outreach to partners in law enforcement, healthcare, schools, community-based organizations, and the Courts, and to provide more comprehensive services to program participants.

OFFICE OF INSPECTOR GENERAL

Personnel and Operating Expenditures

\$1.3 million

The Budget includes \$1.3 million and 12.0 FTE positions to staff and operate a new Office of Inspector General in FY2027. Article 3 of the Budget establishes the new office with the purpose of investigating the management and operation of agencies as it relates to prevention and detection of fraud, waste, abuse, and mismanagement in the expenditure of public funds that harms the public interest. The funding represents an anticipated six months of operations in FY2027.

EXECUTIVE OFFICE OF COMMERCE

Site Readiness

(\$1.0 million)

The Budget does not include \$1.0 million in general revenue expenditures within the Central Management program earmarked for Commerce's site readiness program. The program makes awards in two categories-site-specific infrastructure improvements and municipal assistance. These improvements include engineering, environmental, and survey studies, land clearing, and building improvements. According to the EOC, \$6.0 million has been awarded across 75 projects. The program has a balance of \$1.0 million to fund additional projects in FY2027.

Innovation Initiatives

(\$250,000)

The Budget includes a net \$1.0 million to support various innovative initiatives in FY2027. The Governor's FY2027 budget recommendation includes \$250,000 of general revenue for a second year of support for the new RI Innovation Ecosystem program that is intended to strengthen collaboration between higher education institutions and private industry to develop talent pipelines and innovative businesses. The Budget does not include this funding in FY2027. The Governor's budget recommendation also included \$1.0 million for State's Innovate RI Small Business Fund and the Bioscience and Engineering Internship programs. However, according to a Governor Budget Amendment request dated February 10, the \$1.0 million is intended for another program with a similar name – the Innovation Initiative. The Budget makes this adjustment as requested.

Main Street Coordinating Program

\$150,000

The Budget includes \$1.0 million in FY2027 for the State's Main Street Rhode Island Streetscape Improvement (MSRISI) fund. The program provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Distinct from this fund, the Main Street Coordinating Program (MSCP) was established by the General Assembly in 2025 to promote economic activity. The MSCP is administered by Grow Smart RI and it is an eligible entity to receive funding from the MSRISI fund. The Budget directs \$150,000 to the MSCP from the MSRISI fund in FY2027.

EXECUTIVE OFFICE OF HOUSING**State-Owned Shelters Funding Shift** **(\$810,000)**

The Budget shifts \$810,000 from general revenues into restricted receipts for expenses related to state-owned shelters. The Executive Office of Housing has previously utilized State Fiscal Recovery Funds for utilities and contracted facilities management costs at state-owned shelters. The Governor's Budget provided \$1.9 million in general revenues to cover these costs in FY2027. This shift maintains the same level of funding but moves \$810,000 in costs to the Housing Resources and Homelessness restricted receipt account.

State LIHTC Redemptions (restricted receipts) **\$520,000**

The Budget increases restricted receipts by \$520,000 to reflect the first anticipated redemption of the Low-Income Housing Tax Credit Trust Fund program.

Operating Expenses Reduction **(\$300,000)**

The Budget decreases general revenues by \$300,000 to reflect lower than expected operating costs following the relocation of the Executive Office of Housing from the Shepard Building to the Power Building, as well as the expiration of one-time expenses incurred during the formation of the Office.

Sojourner House **\$100,000**

The Budget increases general revenues by \$100,000 to provide additional funding for supportive housing and rapid rehousing initiatives at Sojourner House, a Providence-based supportive services and housing nonprofit. The FY2026 Budget as Enacted and the FY2027 Governor's proposal included \$100,000 for this purpose; this increase brings total funding for Sojourner House in FY2027 to \$200,000 in general revenues.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES**Rural Health Transformation Program (federal funds)** **\$68.8 million**

As recommended in Governor's Budget Amendment 6, the Budget adds \$68.8 million in FY2027 and \$5.6 million in FY2026 from the new federal Rural Health Transformation Program (RHTP) grant and 5.0 new FTE positions in FY2026 that are carried into FY2027. On December 29, 2025, the Centers for Medicare and Medicaid Services (CMS) announced a \$156.2 million federal RHTP grant award to Rhode Island for the first of five grant years. The funds will be distributed in yearly tranches in federal FY2026 through FFY30 over six state agencies with 10.0 percent available for administrative expenses.

GBA 6 - Rural Health Transformation Program (RHTP) - Grant Year 1

Department	FY2026	FY2027	Total
Business Regulation	\$0.4	\$21.4	\$21.8
Labor and Training	0.4	7.0	7.4
Executive Office of Health and Human Services	5.6	68.8	74.5
Health	2.8	27.3	30.1
Behavioral Healthcare, Development Disabilities and Hospitals	0.5	4.1	4.5
Elementary and Secondary Education	1.1	4.8	5.9
Total	\$10.7	\$133.5	\$144.2
Funds to be appropriated in FY2028			13.4
Total			\$157.6

\$ in millions

OHIC Rate Review (GBA 19) **\$15.6 million**

The Budget adds \$15.6 in general revenue and \$25.1 million in federal funds to fully fund the biennial rate adjustments required by the OHIC Rate Review pursuant to RIGL 42-14.5 starting October 2026, bringing

total funding up to \$31.2 million in general revenue (\$81.4 million in all funds). The Governor recommended a two-year phase-in; however, the increases are still capped at 100 percent of Medicare rates.

May 2026 Caseload Estimating Conference (GBA #19) \$9.8 million

The Budget includes a net general revenue increase of \$9.8 million (an increase of \$66.3 million all funds) to reflect the results of the May 2026 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$4,049.2 million in FY2027, including \$1,453.5 million from general revenues. The net increase is due primarily to updated guidance for federal changes in HR-1 for noncitizens and clarity on the implementation timeline for the community engagement requirements and the six-month renewal requirements. The estimate also state-only costs for the primary care assessment due to HR-1 restrictions on the impositions of new provider taxes beginning October 1, 2026.

Primary Care Assessment Sunset (\$9.2 million)

Due to the restrictions in HR-1 on new provider taxes, the Budget sunsets the Primary Care Assessment enacted in the FY2026 Budget on October 1, 2026. Since the May CEC included \$9.2 million in state-only costs for the assessment after the deadline, the Budget removes these funds to reflect the discontinuation of the assessment. The assessment was estimated to generate \$30.0 million annually to support primary care and other critical healthcare programs.

Disproportionate Share Hospital (DSH) Payments \$6.3 million

The Budget includes an additional \$6.3 million in general revenue and \$8.7 million in federal funds to increase aggregate amount to exceed \$38.9 million, including a limit of \$12.9 million to Pool C government-owned hospitals and \$26.0 million to Pool C hospitals. This represents an increase of \$25.0 million, including \$10.5 million in general revenue and \$14.5 million in federal funds, for Pool D hospitals over the FY2026 Budget as Enacted and an increase of \$15.0 million over the Governor's FY2027 recommendation.

Long-Term Services and Supports \$3.9 million

The Budget adds \$3.9 million in general revenue and \$5.3 million in federal funds to support additional participants due to increasing the resource threshold for Medicaid beneficiaries with long-term-care needs who remain at home from \$4,000 for individuals and \$6,000 for couples to \$8,000 for individuals and \$12,000 for couples, as provided in Article 8.

Nursing Facilities Rate Increase at Current Law \$2.1 million

The Budget includes \$2.1 million in general revenue and federal funds by \$3.0 million to reflect a rate increase of 2.6 percent for payments through MCOs and 3.2 percent for fee-for-service payments as provided by the national nursing home inflation index and required by RIGL 40-8-19. The Budget does not reduce the rate increase to 2.5 percent to match state revenue growth as recommended by the Governor.

Ryan White HIV Care Program \$2.0 million

The Budget provides \$2.0 million in FY2027, and \$1.5 million in FY2026, to support increased costs for Ryan White HIV Care Program due to escalating pharmaceutical costs. Congress passed the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act in August 1990 in remembrance of a teenager who contracted aid from a blood transfusion and passed one month before his high school graduation. The [Ryan White Program](#) provides medical services and supports, such as medications and outpatient services, to qualified Rhode Islanders.

Newport Hospital Birthing Center (GBA 16) \$1.6 million

The Budget includes \$1.6 million as a state directed grant to the Newport Hospital Birthing Center. Based on the financial update provided by Newport Hospital on May 7, 2026, the Noreen Stonor Drexel Birthing Center is in need of additional funding to support the continued operation of the facility. The Hospital

requested \$4.9 million, including \$2.8 million to support 6.0 additional providers, \$1.4 million in management fees, \$600,000 in annual labor and delivery loss, and \$100,000 for nursing education.

Rhode Island Parent Information Network (RIPIN) Contract Savings (GBA 16) ***(\$1.2 million)***

The Budget removes \$1.2 million in general revenue (\$2.5 million in all funds) to reflect the expiration of contracts with RIPIN related to the Dual Care Management Program (CMP) and the Hospital Care Transition Initiative (HCTI). The CMP coordinated services for beneficiaries eligible for both Medicare and Medicaid, a service now provided through other programs such as the Neighborhood Health Plan of RI (NHPRI) Fully Integrated Dual-Eligible Special Needs Plan (FIDE-SNP). According to EOHHS, the HCTI is no longer eligible for a federal match through Medicaid because the services are duplicative of those provided through FIDE-SNP, the RI Aging and Disability Resource Center at United Way, and RIPIN's RIREACH program. The current contract with RIPIN expires on June 30, 2026. The Budget includes funding for RIPIN to operate the dual ombudsman program in the Office of the Health Insurance Commissioner, and funding for hospital transition services in the Office of Healthy Aging.

HR-1 Community Engagement ***(\$1.0 million)***

Based on the third quarter report, the FY2026 Budget reduces general revenue funding included in the Governor's recommendation by \$1.0 million, leaving a balance of \$960,784, and shifts the funding to federal funds, reducing general revenue support, to facilitate capacity building for SNAP and Medicaid beneficiaries to meet the volunteering, educational, and/or work requirements required to meet the new federal HR-1 community engagement requirements.

Planned Parenthood State Grant ***(\$600,000)***

The Budget does not include the \$600,000 in general revenue for a one-time grant to support Planned Parenthood of Southern New England (PPSNE) to provide healthcare services recommended by the Governor.

Hospital Rate Increase to Statutory Level ***\$486,250***

The Budget does not include the hospital rate reduction recommended by the Governor and adds \$486,250 in general revenue and \$1.0 million in federal funds to support the hospital rate increase provided in current law. The Governor had proposed capping the rate increase to State general revenue growth.

Nursing Home Behavioral Health Per-Diem ***\$357,301***

Pursuant to Governor's Budget Amendment 16, the Budget includes \$357,301 in general revenue (\$846,885 in all funds) to implement and update the behavioral health per-diem add-on program for particularly complex patients. The estimate assumes a start date of April 1, 2027, and the admission of 20 new residents.

Nursing Home Assisted Living – Tier C Rate Increase ***\$92,300***

The Budget includes \$92,300 in general revenue and \$126,075 in federal funds to support a 13.0 percent increase in the assisted living Tier C reimbursement rate effective January 1, 2027, bringing the rate to about \$170 a day. Tier C is the highest level of care for individuals with high-acuity medical needs, dementia, or complex wound care.

Early Intervention Program ***\$50,000***

The Budget includes \$50,000 in general revenue and \$150,000 in federal funds to ensure that children diagnosed with developmental disabilities whose third birthday is between May 1 and August 31 continue to receive early intervention (EI) services through September 1 after the child's third birthday. Pursuant to Article 8, Executive Office of Health and Human Services (EOHHS) is required to appoint and convene an implementation advisory committee to advise on the implementation of a plan to ensure the continuation of services and provide a report evaluating the implementation of the plan no later than September 30, 2031. The article also requires private and public health insurers to cover the extended EI option.

OHIC All Payer Claims Database Payment **(\$50,000)**

Since the budget for the Office of the Health Insurance Commissioner (OHIC) contains \$50,000 for a payment to EOHHS for use of the All Payer Claims Database, the Budget removes this amount from the EOHHS.

EC⁴ Equity Zone Project (restricted receipts) **\$45,454**

As recommended in Governor's Budget Amendment 4, the Budget increases Regional Greenhouse Gas Initiative (RGGI) restricted receipt funds from the Executive Climate Change Commission (EC⁴) through the cooperative agreement with the Rhode Island Office of Energy Resources by \$45,454 to support the Equity Zone focusing on climate change and health. The Equity Zone will focus on communities with disproportionate impact from climate change and support community engagement in assessing activities related to climate change and design resiliency programs.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES**Child Welfare System Project Reallocation (federal funds)** **(\$3.6 million)**

Pursuant to a Governor's Budget Amendment dated March 11, 2026, the Budget decreases federal funds by \$3.6 million to align federal funding for the Comprehensive Child Welfare Information System (CCWIS) project with the state's general revenue match.

Federal Match Shortfall **\$3.0 million**

The Budget increases general revenues by \$3.0 million related to a projected decrease in federal funds claimed for the Department's service array. The Department's third-quarter report projected a \$6.0 million general revenue overspend in FY2026, attributed primarily to a decrease in federal funds, including Medicaid and Title IV-E, for home-and community-based services. The Budget Office provided an updated \$4.4 million general revenue deficit projection for FY2026; the \$3.0 million increase in FY2027 is to replace federal funds in anticipation of the claiming shortfall continuing into FY2027.

Turnover Restoration **\$2.3 million**

The Budget provides \$2.3 million in general revenues (\$4.6 million all funds) to align the Department's personnel expenses with FY2025 data.

Independent Rate Model Provider Support **\$2.0 million**

The Budget includes \$2.0 million in general revenues (\$4.0 million all funds) to support providers transitioning to Medicaid direct billing. The transition to an independent rate model is anticipated to begin July 1, 2027, following a Department of Justice consent decree. This funding is intended to assist providers with the infrastructure expenses necessary to prepare for the implementation of the new rate model and ensure service delivery is not disrupted.

SSI Foster Care Benefits **\$977,331**

The Budget increases general revenues by \$977,331 to account for the discontinuation of a practice wherein supplemental security income benefits for youth in the care of the Department were being used to offset agency expenses for foster care payments and other services. The Budget includes an additional \$325,777 in federal funds for this same purpose. \$1.6 million in restricted receipts was initially included in the FY2027 Budget from these benefits sources.

Psychiatric Residential Treatment Facility (capital funds) **(\$774,813)**

A Governor's Budget Amendment dated February 10, 2026, shifts \$774,813 in capital funds from FY2027 to FY2026 to reflect updated cost schedules for the project.

Juvenile Justice Grant (federal funds) \$165,885

A Governor's Budget Amendment dated March 11, 2026, increases federal funds by \$165,885 to reflect the Department's Office of Juvenile Justice and Delinquency Prevention (OJJDP) federal grant, awarded in 2024, which was inadvertently excluded from the Governor's recommendation.

DEPARTMENT OF HEALTH**Psychiatric Resource Network Funding Shortfall \$450,000**

The Budget includes a general revenue increase of \$450,000 to fully fund the PediPRN and MomsPRN programs, which provides specialized psychiatric care to moms and children. The Governor recommended \$800,000 in general revenue, unlocking an additional \$800,000 in federal funds. However, the grant is set to expire, and should the Department be unable to receive the matching funds, there will be a \$450,000 shortfall in the program. The House Finance Committee recommends \$450,000 to fully fund the PRN programs.

Maternal Infant and Early Childhood Home Visiting Match \$377,000

The Budget includes \$377,000 in general revenue, with a corresponding federal funds increase of \$1.1 million, to support the Maternal, Infant, and Early Childhood Home Visiting program, a federal initiative that supports pregnant women and young children through home visits and other services. The maximum match is \$787,000, which would unlock an additional \$2.4 million in federal funds. Currently, the Department has gathered \$410,000 in matching funds, requiring an additional \$377,000 more to reach the maximum match.

Miriam TB Clinic \$315,000

The Budget restores \$315,000 in general revenue to support the Miriam TB clinic, which was removed in the Governor's FY2027 recommended budget pursuant to the Department's constrained budget request. The Clinic sees about 8,500 patients annually and is trained in caring for highly contagious patients. The Clinic also addresses treatment plans for noncontagious patients. This decrease could result in a \$226,000 federal funds decrease, sourced from the Center of Disease Control and Prevention. Additionally, the funding cut could jeopardize the RISE Clinic, as Miriam may find that managing the clinic is no longer financially feasible.

Health Professional Loan Repayment Program \$200,000

The Budget includes a general revenue increase of \$200,000, bringing total state support to \$400,000, for the health professional loan repayment program. The program provides loan repayment assistance to health professionals such as licensed primary care, dental, and mental health clinicians, working for a minimum of two years at an approved health professional shortage area. The program aims to improve access to care and address health professional shortages that cause disparities in health. The General Assembly included \$200,000 in general revenue in FY2026 to support the program.

Rural Health Transformation Program (federal funds) \$26.3 million

Pursuant to GBA 6, the Budget adds \$26.3 million in and \$1.0 million from indirect cost recovery restricted receipts for a new federal Rural Health Transformation Program grant. In FY2026, the Budget includes \$2.3 million from the federal RHTP and \$447,896 from indirect cost recovery restricted receipts. Of these funds, approximately \$800,000 will support 6.0 new FTE positions.

Personnel Salary and Benefits Reallocation (federal funds) \$62,130

The Governor recommends a \$62,130 federal funds increase, with a corresponding restricted receipt increase of \$93,195 to correct the salary and benefits funding for an FTE position in the Healthcare Quality and Safety program that was miscalculated.

DEPARTMENT OF HUMAN SERVICES***Eat Well Be Well Extension*****\$4.1 million**

The Budget includes a general revenue increase of \$4.1 million to support a one-year extension of the Eat Well Be Well program, which was enacted to encourage healthy habits by reimbursing beneficiaries \$0.50 for every \$1.00 spent on eligible foods such as fruits and vegetables. All SNAP recipients were enrolled in the program, with each beneficiary receiving up to \$25.00 a month to participate. Funds for this program were originally appropriated in the FY2023 Budget as Enacted.

Office of Healthy Aging – Home and Community Care Organization**\$1.4 million**

The Budget includes a general revenue increase of \$1.4 million, with a corresponding federal finds increase of \$1.9 million to fully fund the home and community services provided by the Office of Healthy Aging. This program serves a subset of Rhode Islanders aged 65+, which is a demographic that has grown each of the last several years and will continue to grow for the foreseeable future.

Child Care Eligibility to 285 percent FPL (federal funds)**\$2.6 million**

The Budget includes a federal funds increase of \$2.6 million to increase eligibility for the Child Care Assistance Program from 261 percent of the federal poverty level (FPL) to 285 percent of the FPL. The current law income level to exit the program remains at 300 percent FPL.

Child Care Infant Rates 5 percent increase (federal funds)**\$371,649**

The Budget includes a federal funds increase of \$371,649 to support a 5.0 percent rate increase for infant rates, resulting in an average increase of \$17.80 among all Brightstar rankings.

Licensed Child Care Centers			Changes from	
Infant Rates	Current Rate	Article 10	FY2025	
Tier 1	\$334.00	\$351.00	\$17.00	5%
Tier 2	\$341.00	\$358.00	\$17.00	5%
Tier 3	\$355.00	\$373.00	\$18.00	5%
Tier 4	\$364.00	\$382.00	\$18.00	5%
Tier 5	\$378.00	\$397.00	\$19.00	5%

77 Dorrance Street Lease**\$29,839**

The Budget includes a \$29,839 in general revenue, and \$57,922 in federal funds to support updated costs associated with leasing office space for the office of child support services at 77 Dorrance Street.

Child Support Pass-Through Federal Max (federal funds)**\$329,129**

The Budget includes a federal funds increase of \$329,129 to support the maximum federally allowable pass-through, which is \$100 for a family with one child and \$200 for a family with more than one child. Pursuant to RIGL 40-5.2-10, beneficiaries receive a \$50 pass-through, which is disregarded as income.

Farm Fresh RI Bonus Bucks Program**\$200,000**

The Budget includes \$200,000 in general revenue to support the Farm Fresh RI bonus bucks' program which provides a 100 percent matching bonus at farmers markets across the State to shoppers who receive SNAP benefits and do not currently receive State funding. The Program is currently funded through federal nutrition incentives program funds, which are limited and competitive. Enhanced State support increases the likelihood of receiving federal funds in the future.

Incredible Beginnings Program (federal funds)**\$80,000**

The Budget includes \$80,000 federal funds increase to support the creation of the “Incredible Beginnings” program, an expansion of the existing “Incredible Years” program. Incredible Years offers a slew of evidence-based early intervention programs for parents, teachers, early childhood educators, counselors,

and other professionals who work with children aged 0-12. The program focuses on social emotional learning, academic skills, and positive behavioral outcomes. Incredible Beginnings was introduced in Rhode Island in 2017, and trains teachers and childcare providers to create supportive and emotionally responsive learning environments.

May Caseload Conference Cash Assistance ***(\$248,556)***

The Budget includes a general revenue reduction of \$248,556, with a corresponding federal funds decrease of \$22.9 million, reflecting updated caseload estimates for Rhode Island Works, Subsidized Child Care, Supplemental Security Income, and General Public Assistance.

Office of Healthy Aging – Long Term Care Ombudsman Support ***\$60,000***

The Budget includes \$100,000 in total general revenue to support the long term care ombudsman, provided by the Alliance for Better Long-Term Care. The Governor recommended \$40,000, and the General Assembly allocated an extra \$60,000 for the program.

OHIC Full Rate Increases ***\$201,662***

The Budget includes a general revenue increase of \$201,662, with a corresponding federal funds increase of \$276,324 to support the full implementation of the provider rates recommended under the OHIC rate review. The rate changes affect OHA's at-home support, including case management, adult day care, and in-home services.

Organ Transplant Fund (restricted receipts) ***\$15,000***

The Budget restores \$15,000 in restricted receipts to the organ transplant fund. In the FY2026 Budget as Enacted, the Department shifted funding from the Executive Office of Health and Human Services to the Department of Human Services to fully support the fund. The fund was shifted from the Executive Office of Health and Human Services (EOHHS) to the Department in 2026. It is funded through charitable donations only.

RIPIN- Hospital Transition Services to OHA ***\$500,000***

The Budget includes a general revenue increase of \$500,000 to support the Rhode Island Parent Information Network's Hospital Care Transition program, which assists seniors, older adults, and patients with complex or chronic health needs who are Medicare or Medicaid eligible after they are discharged from hospitals. The program notifies patients of less expensive home and community-based alternatives to institutional placements such as nursing homes and ensures that patients are equipped with the necessary services to support systems. The program was preciously funded through the Executive Office of Health and Human Services through a Medicaid match, which is no longer available.

United Way 211 ***\$100,000***

The Budget includes a general revenue increase of \$100,000, bringing total support to \$300,000 for the United Way's 211 program. The program is a free, confidential service that provides information and referrals for food, job training, and other community services.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS

OHIC Rate Increase ***\$7.1 million***

The Budget includes an additional \$7.1 million in general revenues (\$16.7 million all funds) to fund enhanced provider rates as recommended in the Office of the Health Insurance Commissioner's rate review. The Governor's proposal included funding for 50.0 percent of the rates; this increase fully funds the rates, a total cost of \$33.4 million all funds. The new rates are set to begin October 1, 2026.

Rural Health Transformation Program (2.0 FTEs) (federal funds) ***\$4.1 million***

A Governor's Budget Amendment dated April 2, 2026, increases federal funds by \$4.1 million for the Rural Health Transformation Program, a federal state award as part of HR-1. The funding includes the addition

of 2.0 FTE positions within the Department and is intended to support recovery centers, crisis and stabilization services, and Westerly Hospital's geriatric psychiatry unit.

May CEC Adjustment **\$1.3 million**

A Governor's Budget Amendment dated May 22, 2026, increases general revenues by \$1.3 million (\$4.0 million all funds) to align funding in the Services for the Developmentally Disabled program with the caseloads adopted at the May 2026 Caseload Estimating Conference.

Thrive Behavioral Health **\$500,000**

The Budget increases federal funds by \$500,000 to represent federal mental health block grant funds to support the Hillsgrove Clubhouse Program at Thrive Behavioral Health.

Behavioral Health Data Exchange Pilot (restricted receipts) **\$178,781**

Pursuant to a Governor's Budget Amendment dated March 11, 2026, the Budget increases restricted receipts by \$178,781 to reflect the award of a federal grant for a pilot to create an electronic clinic reporting system for Certified Community Behavioral Health Clinics (CCBHCs). The pilot will include five of the six CCBHCs in Rhode Island.

Hospital License Fee Correction **(\$109,029)**

The Budget decreases general revenues by \$109,029 in general revenues (\$194,516 all funds) to reduce the expenses included for the hospital license fee in the Governor's recommendation to the correct fee due by law.

GOVERNOR'S COMMISSION ON DISABILITIES

Personnel Adjustment **\$1,695**

Pursuant to a Governor's budget amendment, the Budget increases general revenues by \$1,695 to provide sufficient funds for FICA related costs covering election day and holiday pay.

ELEMENTARY AND SECONDARY EDUCATION

Education Aid – Funding Formula **\$20.9 million**

As recommended in Governor's Budget Amendment 19, the Budget adds \$20.9 million to support the March 2026 enrollment update with the student success factor weight at 43.0 percent for all districts. Article 7 continues to require that an estimate of education aid using expanded direct certification with Medicaid be submitted with the Department's FY2028 budget request.

School Construction Prospective Payment Schedule Revision **\$14.2 million**

To achieve the savings, the Governor recommended interpreting current statutory language related to projects funded from capital reserves and bonds to push a portion of the current service reimbursements from FY2027 into FY2028 and FY2029. The Budget supports the proposal but implements the changes to in FY2028 instead of FY2027 and restores \$14.2 million to support construction aid reimbursements under current practice.

School Construction Aid from FY2026 **\$5.9 million**

Article 7 repeals the requirement that surplus funds appropriated to the school housing aid program be deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA), as recommended by the Governor; however, the article moves the effective date back to July 1, 2025, instead of 2026. Consequently, the Budget shifts \$5.9 million in savings from project delays from FY2026 into FY2027.

Rural Health Transformation Program (RHTP) (GBA 6) (federal funds)**\$4.8 million**

Pursuant to GBA 6, the Budget adds \$4.8 million in FY2027 and \$1.1 million in FY2026 from the new federal RHTP grant for the following initiatives. Additional detail on each of the initiatives can be found [Project Narrative](#) on the EOHHS website.

GBA 6 Federal RHTP Appropriation to the Department of Elementary and Secondary Education

Number ¹	Initiative	FY2026	FY2027
#2	Rural Community-Integrated and Mobile Health Services	\$11,250	\$933,720
#10	Rural Workforce Program	914,367	3,657,466
	Program Administration and Management Cost for EOHHS and All Sub-Awardees	125,804	247,801
	Total	\$1,051,421	\$4,838,988
	Expenditure Category		
	Aid to Local Units of Government	\$914,367	\$3,657,466
	Assistance and Grants	11,250	933,720
	Contract Professional Services	107,074	216,979
	Operating Supplies and Expenses	\$18,730	\$30,823
	Total	\$1,051,421	\$4,838,988

Source: EOHHS

Education Aid – Transportation**\$2.5 million**

The Budget adds \$2.5 million to fully fund non-public and regional transportation categorical aid, providing a total of \$15.0 million. The transportation aid categorical provides funding to districts that use the statewide transportation contract for transporting students to out-of-district, non-public schools within the resident district's transportation region as defined by RIGL 16-21.1-2, and for 50.0 percent of the local costs associated with transporting students within regional school districts.

Education Aid – Career and Technical Education**\$1.0 million**

The Budget increases support for career and technical education by \$1.0 million, bringing total categorical aid up to \$5.5 million. This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools.

Davies HVAC (RICAP funds)**\$1.0 million**

The Budget shifts \$1.0 million in RICAP funds from FY2026 into FY2027 to reflect updated project expenditures on the HVAC project at Davies.

School Construction Aid Estimate Update**(\$846,155)**

Based on an update from the School Building Authority, the Budget reduces projected school construction aid reimbursements by \$846,155 to reflect current estimates for projects on schedule to complete in time to qualify for reimbursement in FY2027.

Internal Service Fund (ISF) Adjustment**\$219,580**

Pursuant to Governor's Budget Amendment 4, the Budget increases ISF adjustments by \$219,580 to reflect updated projected costs, including \$177,127 for electricity and \$42,453 for natural gas.

Legal Staff (-1.0 FTE position)**(\$151,704)**

The Budget removes the \$151,704 in salary and benefits and 1.0 new FTE Hearing Officer position recommended by the Governor to assist the legal office with the investigation of teacher misconduct cases. Instead, it is recommended that the Department repurpose an existing vacancy.

PUBLIC HIGHER EDUCATION***URI Medical School Planning and Start Up* **\$5.0 million****

The Budget includes a general revenue increase of \$5.0 million to support the initial phases of opening a medical school at the University of Rhode Island. The University has indicated that it would need \$5.0 million in FY2027, \$7.0 million in FY2028 and \$8.0 million in FY2029 for operating support.

Rhode Island Capital Fund (RICAP) Changes (other funds)* **(\$7.6 million)*

The Budget includes a net RICAP reduction of \$7.6 million, including the following:

- **URI – PFAS Removal Water Treatment Plant:** The Budget includes a \$3.5 million RICAP reduction related to the URI PFAS removal water treatment plant, reconciling with up-to-date project estimates. The project is estimated to cost a total of \$21.7 million to construct a permanent water treatment plant to address the University’s elevated per- and polyfluorinated substances (PFAS) levels. Originally, these funds were identified as ARPA SFRF funding; however, the University’s capital improvement plan timetable put these time-sensitive funds at risk of being reclaimed by the federal government, instead the project will be completely funded through RICAP funds
- **CCRI – Renovation and Modernization Phase I:** The Budget includes a RICAP reduction of \$999,928, reconciling with updated project plans. The project will modernize academic and student support spaces. The project is estimated to cost a total of \$59.5 million with \$12.0 million from general obligation bonds approved in March 2021, and \$47.5 million in RICAP funds.
- **CCRI – Renovation and Modernization Phase II:** The Budget includes a \$200,000 RICAP increase, reflecting updated project plans for renovations at CCRI. This phase, which is estimated to cost a total of \$147.7 million in both RICAP and general obligations funds, will begin the construction processes of the project. Specifically, in FY2026 and FY2027, the project will focus on HVAC, electrical, and foundational repairs at the Warwick and Providence campuses.
- **CCRI – Flanagan Campus Renovations:** The Budget includes a \$3.3 million RICAP reduction reflecting updated project plans. This \$12.5 million project includes modernization and code compliance upgrades to all the science labs at the Lincoln campus, as well as the refurbishment of the exterior including heat resistance paint, window replacement, and light abatement.

Promise Eligibility* **\$200,000*

The Budget extends the timeframe for graduating high school seniors by one semester, provided the student enrolls immediately after graduation in a postsecondary institution and at the Community College of Rhode Island in the first spring after high school. It will also allow students to defer enrollment for up to one semester after graduating high school upon submitting an approved written request. An additional \$200,000 is included for the expanded eligibility.

Promise Scholarship May Update* **(\$120,513)*

Pursuant to the May 2026 Promise report submitted by the Community College of Rhode Island, the Budget includes a general revenue reduction of \$120,513, reflecting updated expenditures. Total funding in the Budget for the scholarship is \$7.9 million.

Institute for Labor Studies and Research* **\$25,000*

The Budget includes \$25,000 in general revenue to support the Institute for Labor Studies and Research, a nonprofit educational institution that education and training to Rhode Islanders. Total state support will increase to \$150,000.

Office of the Postsecondary Commissioner (federal funds)* **\$1.5 million*

The Budget includes \$1.5 million in federal funds to support a new lease agreement with Tower Street Community Center. The lease enables the Office to expand job training program in the town of Westerly.

The lease will be supported with a \$1.5 million upfront payment, financed through a federally directed spending grant awarded through the Department of Housing and Urban Development. The remaining lease will be paid through OPC revenues.

RHODE ISLAND HISTORICAL PRESERVATION AND HERITAGE COMMISSION

***Personnel Adjustment* (\$240,995)**

The Budget reduces general revenues by \$240,995 reflecting the elimination of 1.6 FTE vacant positions. The Agency has 3.6 FTE positions vacant of which 2.6 FTE positions have been vacant since FY2022. The Budget eliminates 1.6 FTE positions with a wage and benefit savings of \$240,995.

OFFICE OF THE ATTORNEY GENERAL

***RICAP: Building Renovations and Repairs (other funds)* \$1.5 million**

Based on updated spending expectations, the Budget shifts \$1.5 million of RICAP funds for asset protection projects at the Office of the Attorney General's 180 South Main Street location from FY2026 to FY2027, as well as \$1.0 million from FY2026 to out-year FY2028. The Budget does not include funding in FY2026 and provides \$2.7 million in FY2027 and \$1.9 million in out-year FY2028.

DEPARTMENT OF CORRECTIONS

***RICAP: HVAC Replacement (other funds)* \$14.3 million**

The Budget includes \$19.8 million of RICAP funds in FY2027 for the replacement of the heating, ventilation, and air conditioning system at the Department of Corrections' Intake Services Center, reflecting \$14.3 million above the Governor's FY2027 recommendation. Due to updated project timelines, the Budget removes \$18.5 million from FY2026, increases FY2027 by \$14.3 million, and increases FY2028 by \$5.9 million, for a total RICAP appropriation of \$41.6 million.

***Vehicles Grant Overstatement (federal funds)* (\$1.2 million)**

The Budget reduces federal funds by \$1.2 million in FY2027 due to a double-counting error. The Governor mistakenly included a \$1.2 million federal award to purchase transport vehicles in both FY2026 and FY2027. The \$1.2 million award is included in FY2026.

***Accreditation* (\$317,643)**

The Budget removes \$317,643 in general revenue associated with the reallocation of 3.0 FTE positions to achieve accreditation with the American Correctional Association and assumes turnover savings equivalent to the reallocated positions. The FY2026 Budget as Enacted did not provide funding for the accreditation initiative, but the Governor recommended \$317,643 in FY2027.

***Staff Travel* (\$70,106)**

The Budget includes \$117,319 of general revenue to support out-of-state travel expenditures, primarily for agency leadership, reflecting a \$70,106 reduction when compared to the Governor's FY2027 recommendation.

JUDICIARY

***Domestic Violence Calendar (3.0 new FTE positions)* \$635,000**

The Budget adds \$635,000 and 3.0 new FTE positions to support the creation of a new Domestic Violence Calendar within the Superior Court. The calendar is projected to increase efficiency and reduce the backlog felony domestic violence cases. The Judiciary reports a current backlog of more than 1,200 felony domestic violence cases. By consolidating and expediting dispositions, the Calendar will improve efficiency, victim safety, and enforcement of bail conditions, no-contact orders, and projective orders.

MILITARY STAFF***Coventry Water Modernization Project (federal funds)******\$3.5 million***

The Budget increases federal funds by \$3.5 million to finance the Coventry Water Modernization project.

At the time the agency submitted its capital plan requests for FY2027-FY2031, the Military Staff requested funding for this project via the Army MSAP subproject listing, which at the time was to be 100.0 percent RICAP funded. However, the project was not included in the Governor's recommended capital budget. Recently, the Military Staff learned that \$4.1 million in federal funds would be awarded for the project, making the project 100.0 percent federally funded. The Budget includes \$600,000 as part of the FY2026 Revised Budget.

The project involves the installation of a new water supply from the Kent County Water Authority (KCWA) to the Rhode Island Army National Guard (RIARNG) property located in Coventry, RI. The work includes the installation of approximately 3,100 linear feet of new 8-inch DI water main along Read School House Road and Nike Site Road, a prefabricated booster pump station, emergency diesel generator, electrical, instrumentation, SCADA, including valves, hydrants, water system tie-in connections, pavement restoration, and appurtenances. In addition, the existing RIARNG pump station, three water supply wells, and underground storage tank will be decommissioned.

Asset Protection***\$1.9 million***

The Budget also shifts \$1.9 million in RICAP funds from FY2026 to FY2027 for general asset protection projects to reflect the timing of expenses.

RHODE ISLAND EMERGENCY MANAGEMENT AGENCY***Non-Snow Removal Blizzard Expenses (federal funds)******\$1.0 million***

The Budget increases federal funds by \$1.0 million based on costs that RIEMA will incur in FY2027 for AC Disaster, a contractor that supports the State through the FEMA reimbursement process. These contractor costs are considered management costs and are fully reimbursable by FEMA, subject to a presidential disaster declaration. AC Disaster's role is to ensure the State is maximizing its eligible expenses and reimbursement.

DEPARTMENT OF PUBLIC SAFETY***State Police Pension Revisions******\$2.5 million***

The Budget provides a net increase of \$2.6 million in all funds to support the impact of two revisions to the State Police pension calculations included in Article 3. The adjustment provides the Department with an additional \$2.5 million in general revenue, \$109,187 in federal funds, and \$14,775 in other funds.

The first revision reduces the number of years included in the calculation of pension benefits for State Police personnel. The calculation currently utilizes compensation based on the highest five consecutive years of service, which is reduced to the highest three consecutive years. This is a technical change related to a drafting error in the FY2026 Budget as Enacted and reflects changes made for other state employees. The second revision increases the benefit accrual rate from 2.0 percent to 3.0 percent after 20 years of service for members hired before July 1, 2007, and to 3.0 percent after 25 years of service for members hired on or after July 1, 2027.

Turnover Savings***(\$1.1 million)***

The Budget increases general revenue turnover savings by \$1.1 million in the Department of Public Safety, including \$700,000 for the Sheriffs Division and \$400,000 for the State Police. The turnover provided to

the State Police is in anticipation of upcoming retirements, and the turnover provided to the Sheriffs Division reflects the ongoing vacancies.

Go Team Community Expansion **\$360,000**

The Budget provides \$760,000 in general revenue to the Family Service of Rhode Island's Go Team, reflecting a \$360,000 increase from the FY2027 Governor's Recommended Budget. The Go Team is comprised of trauma experts who correspond with the State Police at the scene to support children who are victims of violence and other trauma.

POST Grant **\$75,000**

The Budget includes \$75,000 of general revenue for the administrative, information technology, and operating expenses incurred by the Rhode Island Police Officers Commission on Standards and Training (POST). The RI POST is established in state law and serves as the statewide oversight body for law enforcement professional standards. The Governor mistakenly included the grant as restricted receipts in the FY2027 recommendation and subsequently submitted a budget amendment to correct the error. Pursuant to Governor's Budget Amendment 2, dated February 10, 2026, the Budget removed \$75,000 in restricted receipts and increased general revenue by an equivalent amount.

OFFICE OF THE PUBLIC DEFENDER

Lease Extension GBA **\$73,370**

The Budget provides \$745,234 in general revenue to support rental and lease expenditures for the Office of the Public Defender in FY2027, reflecting an increase of \$73,370 from the Governor's recommendation. The increase relates to the 5-year lease extension authorized in Article 9 for the agency's 160 Pine Street office in Providence.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

Rhode Island Capital Plan (RICAP) Fund Changes **(\$1.6 million)**

The Budget includes a decrease of \$1.6 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Natural Resources Offices/Visitor's Center:** Due to an updated project schedule, the Budget reduces funding by \$1.7 million in FY2026 and shifts \$1.0 million of the funds into FY2027 and \$700,000 into FY2028. The project involves renovating space on the Alton Jones Campus at the University of Rhode Island for use as a new visitor center and office space.
- **Big River Management Area:** Article 3 transfers administrative and regulatory authority over the Big River Reservoir lands from the Water Resources Board (WRB) in the Department of Administration (DOA) to the Department of Environmental Management (DEM). As part of the transfer, the Budget shifts \$593,000 in funding for infrastructure improvements and repairs from DOA to DEM. The funds are used to finance a comprehensive land management and asset protection plan for the 8,400-acre property, including road repairs, demolition of vacant structures, and maintenance of rental structures.

Foundry Lease **\$118,119**

The Budget adds \$118,119 for increased rental costs at RIDEM. Article 9 authorizes a new, ten-year lease for 115,733 square feet at 235 Promenade Street that is currently occupied by the Department of Environmental Management (DEM). This is a decrease in space from the existing rent agreement which expires on June 30, 2026. According to the Office of Management and Budget, the increase over the Governor's budget recommendation reflects an increase of 405 square feet but is primarily due to the finalization of the tenant improvement costs which were higher than anticipated and triggered additional borrowing costs. The renovations will allow DEM to move the Boating Division and Human Resources Department from the third floor to the second floor, which is the ground floor, with the other customer-

facing operations. Consistent with the current agreement, the new lease agreement includes all improvements, parking, security, cleaning, shuttle service, and gas/water/sewer. The decrease in square footage increases the cost per square foot from \$20.50 to about \$23.86, or 16.4 percent.

Replacement of Forestry Fire Hoses \$50,000

The Budget provides \$50,000 to purchase fire hoses for the Division of Agriculture and Forest Environment. The current hoses are about 40 years old and recent fire have highlighted the need for new equipment. The Division offers several forest fire programs to assist local departments and the public with fire control and prevention.

COASTAL RESOURCES MANAGEMENT COUNCIL

Permit and Enforcement Database \$50,000

As part of the FY2027 Budget Request, CRMC requested funding for a permit and enforcement database that is required by the federal government, but the Governor did not fund the proposal and inadvertently removed \$50,000 placeholder. The Budget restores this placeholder until the database costs are finalized. The initial build and implementation of the database is currently estimated at \$2.0 million, with annual maintenance and licensing fees of \$20,000.

DEPARTMENT OF TRANSPORTATION

DOT Gas Tax and HMA Revision (other funds) \$7.0 million

The Budget transfers \$92.0 million in Rhode Island Highway Maintenance Account receipts (HMA) and \$106.2 million in gas tax receipts to the Department of Transportation in FY2027, reflecting a net increase of \$7.0 million from the FY2027 Governor’s Recommended Budget.

The Budget also revises the allocation of HMA funds to address the deficit incurred by the Rhode Island Public Transit Authority (RIPTA). The Budget increases the Authority’s percentage share of HMA receipts from 10.0 percent to 25.0 percent and removes RIPTA’s fixed \$5.0 million appropriation. The HMA revision reduces the Department’s share by \$3.3 million.

RIPTA Gas Tax Yield and 25.0 Percent of HMA (other funds) \$5.0 million

The Budget transfers \$51.5 million in gas tax receipts and \$30.7 million in Rhode Island Highway Maintenance Account (HMA) receipts to the Rhode Island Public Transit Authority in FY2027, reflecting a net increase of \$5.0 million from the Governor’s recommendation. The Office of Revenue Analysis’s May 2026 gas tax forecast includes an upward revision, with the yield per penny increasing by \$69,324 from the November 2026 forecast. The increase provides the Authority with \$814,557 above the Governor’s FY2027 Recommendation.

The increase is primarily due to legislation included in Article 2 that revises the allocation of HMA receipts, providing RIPTA with 25.0 percent of available proceeds and eliminating the annual fixed transfer of \$5.0 million. This revision increases RIPTA’s HMA receipts by \$4.2 million, as illustrated in the following table.

RIPTA's FY2027 HMA Share			
HMA Share	Governor	Budget	Change
Percentage Share	\$12,182,754	30,667,188	\$18,484,434
Fixed Share	14,300,000	-	(14,300,000)
Total	\$26,482,754	\$30,667,188	\$4,184,434

RICAP: RIPTA Bus Purchases (other funds) (\$3.5 million)

The Budget removes \$3.5 million in RICAP funds recommended by the Governor to support the acquisition of new buses for the Rhode Island Public Transit Authority (RIPTA). The Governor included the

recommendation and \$3.5 million annual appropriation as a part of his framework to address the RIPTA deficit.

The Budget includes legislation in Article 2 that authorizes the Office of Energy Resources to annually coordinate with RIPTA to determine the state match required for the purchase of zero-emission buses. The legislation requires the Office of Energy Resources to provide the Authority with auction proceeds equal to 50.0 percent of the state match and directs RIPTA to utilize internal funds for the remaining 50.0 percent.

RICAP: RIPTA Bus Shelter Renovation and Replacement (other funds) ***\$3.0 million***

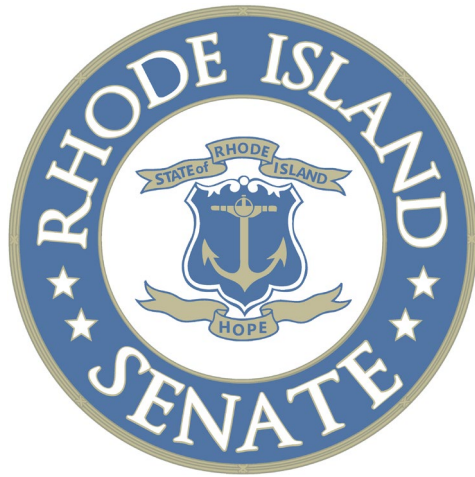
The Budget includes \$3.0 million in RICAP funds in FY2027 and annually through FY2031 to support the Rhode Island Public Transit Authority's renovation and replacement of bus shelters throughout the state. The Authority maintains 300 bus shelters that are over 20 years old, 5 years beyond the Federal Transit Authority's 15-year standard.

RITBA Gas Tax Yield (other funds) ***\$242,634***

The Budget transfers \$15.3 million in gas tax receipts to the Rhode Island Turnpike and Bridge Authority (RITBA) in FY2027, representing an increase of \$242,634 from the Governor's Recommended Budget. The adjustment reflects the increased collections projected in the Office of Revenue Analysis's May 2026 estimate.

GARVEE Debt Correction (federal funds) ***(\$130,750)***

The Budget reduces federal funds by \$130,750 to correct an overstated federal fund expense in FY2026 related to debt issued through the Grant Anticipation Revenue Vehicle program.



FY2026 SUPPLEMENTAL BUDGET

FY2026 Supplemental Revenue Changes

May 2026 REC

\$154.6 million

The May 2026 Revenue Estimating Conference (REC) increased its business taxes revenue estimate from November by \$72.5 million and its personal income tax estimate by \$66.9 million. Other revenues, inclusive of departmental receipts, also increased by \$15.1 million. These adjustments, along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.), net the overall \$154.6 million increase.

Supplemental Rainy Day Fund

[-\$24.0 million]

The Budget shifts \$24.0 million of revenue to the Supplemental State Budget Reserve Account (Supplemental Rainy Day Fund), bringing its balance to \$55.0 million, or a full 1.0 percent of state revenue. In FY2026 \$18.0 million was diverted from the account to fund a hospital debt service reserve fund. The Budget replaces the \$18.0 million transfer and adds \$6.0 million to increase the account balance to the one percent of revenues level. The FY2024 Budget as Enacted established the account and required that the State Controller transfer 50.0 percent of the excess general revenue, net of the transfer to the existing State Budget Reserve and Cash Stabilization account (Rainy Day Fund), to the new account. The existing Rainy Day Fund is constitutionally capped at 5.0 percent of available revenues. The Supplemental Rainy Day Fund allows the state to keep a greater amount of funds in reserve. The two accounts together represent a total of 6.0 percent of available revenue.

Restoration of Transfers

\$4.5 million

The Budget reduces available general revenue in FY2026 by \$4.5 million by eliminating two proposed reserve transfers by the Governor. The Governor's FY2026 revised recommendation includes the transfer of \$2.5 million from the reserves of the Rhode Island Health and Education Building Corporation (RIHEBC). According to OMB, the quasi-public agency had an unrestricted fund balance at the close of FY2025 of \$10.8 million. The Governor also recommends transferring \$2.0 million from the reserves of the Rhode Island Infrastructure Bank (RIIB) to the general fund in FY2026. OMB indicates that RIIB had unrestricted balances at the close of FY2025 of \$33.3 million. As noted above, the Budget does not include these recommended transfers.

FY2026 Supplemental Expenditure Changes by Agency

DEPARTMENT OF ADMINISTRATION

Hospital Financing Support ***\$18.0 million***

The Budget adds \$18.0 million in general revenue reflecting action taken by the General Assembly enacted as Public Law 2026, Chapter 001 that authored the State Controller to transfer \$18.0 million from the Supplemental Budget Reserve Fund to general revenue to establish the Hospital Financing Support Debt Service Reserve, to assist in the sale, and thereby facilitating the continued operation of the Roger Williams Medical Center and Our Lady of Fatima Hospital.

Personnel and Operating Adjustments ***(\$1.3 million)***

The Budget decreases general revenue by \$1.3 million based on anticipated savings as stated in the third quarter report.

Wrongful Convictions ***(\$900,000)***

The Budget decreases general revenue by \$900,000 based on anticipated savings as stated in the third quarter report. The FY2026 Revised Budget includes \$900,000 in general revenue for the payment of awards to those who were wrongfully convicted of a crime. Authorized under Public Law 2021 Chapter 235 and 236, the law allows anyone who was wrongfully sentenced to prison for more than one year to petition the presiding justice of Rhode Island Superior Court for compensation and damages. If the court finds that the claimant was wrongfully imprisoned, the court will grant an award of \$50,000 for each year served in a correctional facility. If the individual was imprisoned for less than one year, the claimant will receive 1/365 of \$50,000 for each day served. The award can include damages such as attorney fees no greater than \$15,000, plus compensation for reasonable costs including housing, transportation, subsistence, re-integrative services, and mental and physical health care costs. The Office of the Attorney General does not anticipate any expenses from the fund for the remainder of FY2026.

FEMA Reserve and Contingency ***(\$700,000)***

The Budget removes \$700,000 in general revenue FEMA contingency reserves from the FY2026 Budget. The reserves are to be used in the event that the federal FEMA reimbursements differ from the State estimation and assumptions and are intended to absorb potential discrepancies between state claims and what FEMA ultimately reimburses. As of May 18, 2026, a total of \$346,799 has been expended leaving a balance of \$1.9 million in the contingency reserve, therefore the full appropriation for this item is not required in FY2026.

ARPA CPF: Municipal and Higher Ed Grant Program (federal funds) ***(\$12.5 million)***

The Budget decreases federal funds by \$12.5 million to adjust the ARPA CPF funds for the Community Learning Center Municipal Grant Program to correctly reflect remaining available funds in FY2026 and does not change the lifetime funding level for the project.

The FY2026 Revised Budget includes \$83.2 million in federal American Rescue Plan Act (ARPA) funds for the ARPA Capital Project Funds (CPF) Municipal and Higher Ed Matching Grant Program, reflecting an increase of \$83.2 million from unspent ARPA CPF funds from FY2024.

The FY2024 Budget as Enacted included these funds, of which \$35.0 million was added from repurposed ARPA Capital Project Funds (CPF) originally planned for the construction of a Student Services Center at Rhode Island College, to the ARPA CPF Municipal and Higher Ed Matching Grant Program, to renovate or construct community wellness centers that meet the U.S. Treasury's guidance for workforce development, education, and health maintenance.

Emergency Rental Assistance (federal funds) (\$11.6 million)

The Governor's Budget Amendment dated March 11, 2026, reduces federal funds by \$11.6 million for emergency rental assistance, known as RentReliefRI. This reduction combined with the decrease of \$14.6 million included in the FY2026 Revised Budget, results in a total reduction of \$26.2 million for this program, leaving a balance of \$6.8 million.

The State received \$352.0 million from two federal Emergency Rental Assistance authorizations (ERA1 and ERA2) to provide rent and utility assistance. The program distributed over \$200.0 million before its original funding had been either depleted or hit its federal expiration date.

- ERA1 (Consolidated Appropriations Act, 2021): This was originally set to expire earlier but was extended to September 30, 2022.
- ERA2 (American Rescue Plan Act): These funds had an expiration date of September 30, 2025.

Funding for the Rhode Island Federal Emergency Rental Assistance (ERA) program was appropriated past initial expiration dates primarily due to federal legislative extensions and reallocation rules that shifted deadlines. In addition, allocations were shifted over FY2024 and FY2025 so that federal obligation timelines were met while allowing actual spending to continue through December 2026.

Pandemic Recovery Office (federal funds) (\$514)

The Budget decreases federal funds by \$514 to reflect remaining available ARPA SFRF funds in FY2026.

Rhode Island Capital Fund (RICAP) Changes (other funds) (\$8.3 million)

The Budget includes a net decrease of \$8.3 million in RICAP funds based on current expenditures and projections on the following various projects:

- **IT Enterprise Operations Center:** The Budget decreases RICAP funds by \$6.0 million for ongoing HVAC work and asset protection, reflecting updated project expectations and shifts these funds, \$3.0 million each year, to FY2027 and FY2028.
- **560 Jefferson Boulevard:** The Budget decreases RICAP funds by \$1.0 million to install a new roof, heating, ventilation, and air conditioning, and asset protection funding for 560 Jefferson Boulevard. The facility is currently occupied by the Office of the State Fire Marshal, Office of Veterans Services, and the Cannabis Commission Office. The project is expected to be complete by June 2026 resulting in savings to the FY2026 Budget as Enacted.
- **Medical Examiners Facility:** The Budget adds \$750,000 in RICAP funds to replace the rooftop HVAC units while simultaneously replacing the facility roof. This item reflects a funding shift from the Pastore Center Buildings Demolition line.
- **Pastore Building Demolition:** The Budget decreases RICAP funds by \$750,000 for the continued demolition of vacant building at the Pastore Center Complex in Cranston. This decrease reflects projected savings as the work nears completion. The savings shift over to the Medical Examiners Facility rooftop unit project.
- **Communities Facilities Asset Protection:** The Budget shifts \$600,000 in RICAP funds to FY2027 reflecting project delays in funding associated with exterior and interior renovations, window and door replacement, and heating system upgrades at the Briggs School in Warwick.
- **Cranston Street Armory:** The Budget decreases RICAP funds by \$500,000, reflecting savings from unused funding for asset protection. The FY2026 Budget as Enacted included \$600,000 in RICAP funds for continued asset protection/structural stabilization work on the facility, design and engineering work for the structure's exterior envelope, and funds for a development agreement on the reuse of the structure. However, actual average annual expenses on the structure have been \$100,000.

- **Washington County Government Center:** The Budget decreases RICAP funds by \$150,000 for the Washington County Government Center project. According to the Department of Administration, the funds will not be expended in FY2025, based on an updated project timeline.

OFFICE OF ENERGY RESOURCES

National Electric Vehicle Infrastructure Formula Program (other funds) (\$7.5 million)

The Budget decreases other funds by \$7.5 million the National Electric Vehicle Infrastructure Formula Program (NEVI Formula), based on projected spending delays. The NEVI Formula program was to provide funding to strategically deploy electric vehicle (EV) charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability.

Analyst Note: Funding is appropriated in RI Department of Transportation's (RIDOT) federal grants budget from the Federal Highway Administration (FHWA). Expenditures are made by OER and billed back to RIDOT quarterly for reimbursement. The reimbursement triggers the drawdown of the grant funds. The reimbursements are carried out via journal entry.

IRA - Home Efficiency Rebate Program (federal funds) (\$7.5 million)

The Budget decreases federal funds by \$7.5 million for the Home Efficiency Rebate (HER) Program. The FY2026 Budget as Enacted included \$7.9 million in federal funds for the Home Efficiency Rebate (HER) Program. The HER Program was expected to launch in January 2025. In December, the launch date was pushed back to the spring of 2025. At present, the program awaits clearance to launch from the Department of Energy.

DEPARTMENT OF BUSINESS REGULATION

Third Quarter Turnover Savings (\$250,000)

The Budget includes a general revenue decrease of \$250,000 related to turnover savings reported in the third quarter report, which reflects an average of 5.4 vacant positions.

E-Permitting Current Service \$150,000

The Budget includes a general revenue increase of \$150,000, bringing total funding for E-permitting to \$1.2 million. In FY2026, the Department experienced a \$230,526 general revenue reduction, which supported 1.0 FTE position that enabled the Department to be compliant with current law, and expand the program to other permitting types.

Rural Health Transformation Program (federal funds) \$414,675

The Budget adds \$21.4 million in FY2027 and \$414,675 in FY2026 from the new federal RHTP grant. The Office of the Health Insurance Commissioner will use the funds to address Initiative #11: Supporting Hospitals and Primary Care in Value-Based Payment Transition. According to the Office, \$14.6 million is for a transformation fund grant program to which eligible providers can apply to receive necessary funds for Alternative Payment Models (APM) such as digital wallets and bank transfers. Of these funds, \$5.0 million will support APM participation initiatives, \$1.0 million will support policy consultancy, and \$1.0 million for technical assistance to hospitals. Remaining funds will be used for office supplies for new staff, travel, and indirect costs.

The GBA adds 2.0 new FTE positions in FY2026 that are carried into FY2027. The positions include the following:

- **Principal Policy Analyst (Hospitals):** Under the general supervision of the Director of Policy, the Principal Policy Analyst will perform work related to hospital payment and delivery system transformation. They will serve as the subject matter expert on alternative hospital payment models and lead initiatives to support adoption of State-approved, quality-linked advanced alternative payment

models (APMs), including global budgets, with a focus on rural hospital sustainability and access to care.

- **Principal Policy Analyst (Primary Care):** Under the general supervision of the Director of Policy, the Principal Policy Analyst will perform work related to primary care payment and delivery system transformation. They will serve as the subject matter expert on value-based primary care payment models and lead initiatives to support adoption of State-approved, quality-linked advanced alternative payment models (APMs), with a particular focus on primary care capitation and rural provider sustainability.

Technical Correction (restricted receipts) (\$350,000)

The Budget includes a restricted receipt decrease of \$350,000 to correct overstatements for Fire Academy instructor expenses. The Governor inadvertently overstated the cost of converting instructors from contractors to seasonal employees.

DEPARTMENT OF LABOR AND TRAINING

Governor’s Workforce Board GBA (restricted receipts) \$481,350

Pursuant to Governor’s Budget Amendment 8, dated May 11, 2026, the Budget increases restricted receipts by \$481,350, to further fund contractor training programs administered by the Governor’s Workforce Board. The increase reflects higher-than-expected collections on residential construction permits issued within the State, a portion of which funds residential contractor training programs. The Budget provides the Department with \$1.0 million of restricted receipts in FY2026 to support the contractor training programs.

Rural Health Transformation Program GBA (federal funds) \$361,584

Pursuant to Governor’s Budget Amendment 6, dated April 2, 2026, the Budget increases federal funds by \$361,584 in FY2026 to reflect the Department of Labor and Training’s workforce development role in the Rural Health Transformation (RHT) program. Included in HR-1, the RHT program provides federal funds to States to improve the access, quality, and outcomes of healthcare in rural communities. With this funding, the Department of Labor and Training will expand the training, job matching, and career counseling currently offered through the Real Jobs Rhode Island program to support rural healthcare providers.

DEPARTMENT OF REVENUE

Integrated Tax System \$520,000

The Budget includes an additional \$520,000 in FY2026 within the Division of Taxation to support the advancement of its integrated tax system. The Governor’s FY2026 revised budget recommendation included \$6.1 million to cover service contracts, maintenance, and other support. This amount was \$520,000 less than the Department had requested. The additional expenditure is being offset with turnover savings.

Turnover (\$520,000)

The Budget includes \$520,000 in personnel turnover savings in FY2026. The savings are based on ongoing vacancies and the Department’s third quarter report.

SECRETARY OF STATE

Statewide Voter List (\$300,000)

The FY2026 Budget as Enacted included \$750,000 in general revenues to conduct a statewide mailing to update the state’s voter registration list as the optimal way to ensure that state voter rolls are as accurate as possible for future elections. The mailing would be a one-time expense in a non-election year. According

to the Office of the Secretary of State the mailing is complete at a cost of \$450,000. Therefore, the remaining \$300,000 can be reduced from the budget.

Rhode Island Archives and History Center (RICAP funds) **\$60,000**

The FY2027 Budget proposes financing of up to \$45.0 million in general obligation bonds for the construction of a new State Archives and History Center. The State History Center will include exhibit and meeting space as well as storage for the State's most valuable documents. The FY2027 Capital Budget proposes \$4.5 million from the RI Capital Plan Fund in FY2028 and \$45.0 million in general obligation bonds to be placed on the November 2026 ballot for voter approval for the planning and construction of the Rhode Island Archives and History Center. The new building would serve as a permanent home for the State's archives, currently located in leased space in the City of Providence, and would provide for the display of historical documents and artifacts. The Office of the Secretary of State recently reported a \$60,000 RICAP expense incurred in FY2026. The Budget adds \$60,000 for the RICAP expenditure.

EXECUTIVE OFFICE OF COMMERCE

I-195 Park Improvements - RICAP Changes (other funds) **\$17,443**

The Budget includes an additional \$17,443 in Rhode Island Capital Plan Funds so that the Executive Office of Commerce (EOC) has the correct amount of funding reflected in its memorandum of understanding with the I-195 Commission related to park improvements (Governor's Budget Amendment No. 3). The Budget includes \$2.5 million in RI Capital Plan Funds and \$1.3 million in bond proceeds to help finance the construction of park infrastructure enhancements adjacent to the Providence River Pedestrian Bridge in the I-195 District in FY2026 and an additional \$500,000 in FY2027. In March 2021, voters approved a \$4.0 million bond referendum for this purpose. Funding is being used to construct park infrastructure enhancements, including a pavilion for food and beverage service, enhanced infrastructure, office space, and a small storage facility.

EXECUTIVE OFFICE OF HOUSING

State Shelter Utilities Adjustment **(\$400,000)**

The Budget decreases general revenues by \$400,000 to reflect a shifting of state-owned shelter utilities costs to available State Fiscal Recovery Funds (SFRF). The SFRF support comes from within the existing Homelessness Infrastructure and Homelessness Assistance Program projects.

Asset Protection (capital funds) **(\$300,000)**

The Governor's capital budget recommendation included \$3.1 million for a new project funding asset protection work at three state-owned shelter facilities. The Budget retains the recommendation in out years, but reduces capital funds in FY2026 by \$300,000 to reflect the removal of the FY2026 allocation for this project.

Office Relocation Expenses **(\$287,000)**

The Budget reduces general revenues by \$287,000 to reflect the removal of funds for additional office relocation expenses in FY2026 following a significant underspend for these purposes in FY2025.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

RIBridges Data Breach Settlement (GBA 15) **(\$7.0 million)**

To reflect the \$7.0 million settlement reached with Deloitte over the 2024 data breach of the RIBridges system, the Budget shifts \$7.0 million in general revenue costs to restricted receipts. In addition to the settlement funds, Deloitte is expected to provide \$6.0 million in system enhancements and support that are outside the scope of the existing contract.

May 2026 Caseload Estimating Conference **(\$6.7 million)**

The Budget includes a net general revenue decrease of \$6.7 million (a decrease of \$22.9 million all funds) to reflect the results of the May 2026 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$3,877.9 million in FY2026, including \$1,406.1 million from general revenues. The net reduction is due primarily to a reduced caseload following the second application of The Work Number (TWN) income verification initiative.

Rural Health Transformation Program (5.0 FTE positions) (federal funds) **\$5.6 million**

As recommended in Governor's Budget Amendment 6, the Budget adds \$68.8 million in FY2027 and \$5.6 million in FY2026 from the new federal RHTP grant and 5.0 new FTE positions in FY2026 that are carried into FY2027. On December 29, 2025, the Centers for Medicare and Medicaid Services (CMS) announced a \$156.2 million federal Rural Health Transformation Program (RHTP) grant award to Rhode Island for the first of five grant years. The funds will be distributed in yearly tranches in federal FY2026 through FFY30 over six state agencies with 10.0 percent available for administrative expenses.

GBA 6 - Rural Health Transformation Program (RHTP) - Grant Year 1

Department	FY2026	FY2027	Total
Business Regulation	\$0.4	\$21.4	\$21.8
Labor and Training	0.4	7.0	7.4
Executive Office of Health and Human Services	5.6	68.8	74.5
Health	2.8	27.3	30.1
Behavioral Healthcare, Development Disabilities and Hospitals	0.5	4.1	4.5
Elementary and Secondary Education	1.1	4.8	5.9
Total	\$10.7	\$133.5	\$144.2
Funds to be appropriated in FY2028			13.4
Total			\$157.6

\$ in millions

Home and Community Based Services – ARPA (federal funds) **(\$1.7 million)**

As recommended in Governor's Budget Amendment 3, the Budget reduces federal funds by \$1.7 million and restricted receipts by \$5.5 million to correct for grants that were awarded in FY2025 but inadvertently budgeted in FY2026.

Ryan White HIV Care Program **\$1.5 million**

The Budget provides \$1.5 million in FY2026 and \$2.0 million in FY2027 to support increased costs for Ryan White HIV Care Program due to escalating pharmaceutical costs. Congress passed the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act in August 1990 in remembrance of a teenager who contracted aid from a blood transfusion and passed one month before his high school graduation. The [Ryan White Program](#) provides medical services and supports, such as medications and outpatient services, to qualified Rhode Islanders.

HR-1 Preventive Health Care Provider Access Fund **\$1.0 million**

The Budget includes \$1.0 million to establish a Preventative Health Care Provider Access Fund to be made available to health care providers ineligible for federal reimbursement pursuant to Section 71113 of P.L. 119-21. Any unused funds will automatically be reappropriated into FY2027.

HR-1 Community Engagement (federal funds) **(\$1.0 million)**

Based on the third quarter report, the Budget reduces federal funding included in the Governor's recommendation by \$1.0 million leaving a balance of \$960,784 to facilitate capacity building for SNAP and Medicaid beneficiaries to meet the volunteering, educational, and/or work requirements required to meet the new federal HR-1 community engagement requirements.

Personnel and Operating **(\$827,429)**

Based on the third quarter report, the Budget reduces personnel and operating expenses by \$827,429 in general revenue and increases federal funds \$1.1 million primarily reflecting the shift of expense to Medicaid funds.

Technology Expenses Timing and Match **(\$769,165)**

Based on the third quarter report, the Budget reduces technology expenses for the Medicaid Management information System (MMIS) and the Medicaid Enterprise System (MES) by \$769,165 in general revenue and \$2.3 million in federal funds to reflect updated spending projections and a higher Medicaid match for the MES than previously estimated.

Rural Health Transformation Program Grant – Application Contractors **\$766,000**

Based on the third quarter report, the Budget provides \$766,000 in general revenue to support the contracted expenses incurred in preparing the Rural Health Transformation Program (RHTP) grant application. These expenses were incurred prior to the award and, under the terms of the grant, are not eligible for reimbursement.

Thundermist Family Medicine Residency Program **(\$500,000)**

In support of primary care in Rhode Island, the FY2026 Budget as Enacted included \$500,000 in general revenue as the state share to support the Thundermist Health Center's Family Medicine Residency Program. These funds, however, were only available if the residency program received funding in the federal budget for FFY2026. Since federal funding was not provided, a portion of the federal Rural Health Transformation Project (RHTP) grant is budgeted to establish a Rural Family Medicine Residency program with Block Island Health Services, the only rural health clinic in RI, serving as one of the rural clinical education sites. Through the Joint Resolution in Article 8, the Budget requires EOHHS to review and assess Medicaid waiver or state plan opportunities to support accredited primary care-focused physician residency programs and report options, recommendations, and estimated fiscal impact to the General Assembly and Governor by November 1, 2026.

Ladders to Licensure **(\$186,156)**

Based on the third quarter report, the Budget reduces projected expenditures for the Ladders to Licensure program by an additional \$186,156. Including the reduction included in the Governor's recommendation, the projected program expenses total \$419,844, down from \$750,000 in FY2026 Budget as Enacted.

Housing Grant Overstatement (federal funds) **(\$81,869)**

Based on the third quarter report, the Budget reduces federal funds for the Pathways to Removing Obstacles program to reflect projected expenditures and correct for an overstatement of available resources. The grant is awarded through the Executive Office of Housing.

EC⁴ Equity Zone Project (restricted receipts) **\$54,546**

As recommended in Governor's Budget Amendment 3, the Budget increases Regional Greenhouse Gas Initiative (RGGI) restricted receipt funds from the Executive Climate Change Commission (EC⁴) through the cooperative agreement with the Rhode Island Office of Energy Resources to support the Equity Zone focusing on climate change and health.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES**Child Welfare System Project Reallocation (federal funds)** **\$7.6 million**

Pursuant to a Governor's Budget Amendment dated March 11, 2026, the Budget increases federal funds by \$7.6 million to align federal funding for the Comprehensive Child Welfare Information System (CCWIS) project with the state's general revenue match, as well as recognize unspent federal funds from FY2025.

Psychiatric Residential Treatment Facility (federal funds) (\$6.3 million)

A Governor's Budget Amendment dated February 10, 2026, decreases federal funds for the Psychiatric Residential Treatment Facility (PRTF) by \$6.3 million. Federal funds for the Exeter Residential Treatment Facility were initially budgeted incorrectly in the North Providence PRTF project. This amendment corrects that error. It also shifts \$774,813 in capital funds from FY2027 to FY2026 to reflect updated cost schedules for the project.

Residential Treatment Facility (federal funds) \$6.3 million

A Governor's Budget Amendment dated February 10, 2026, increases federal funds for the Residential Treatment Facility (RTF) by \$6.3 million. Federal funds for the Exeter RTF were initially budgeted incorrectly in the North Providence Psychiatric Residential Treatment Facility project. This amendment corrects that error. It also decreases capital funds for this project by \$774,880 to correct for an overbudgeting of capital funds in the proposed budget as compared to the capital budget schedule.

Federal Match Shortfall \$3.0 million

The Budget increases general revenues by \$3.0 million related to a projected decrease in federal funds claimed for the Department's service array. The Department's third-quarter report projected a \$6.0 million general revenue overspend in FY2026, attributed primarily to a decrease in federal funds, including Medicaid and Title IV-E, for home-and community-based services. The Budget Office provided an updated \$4.4 million general revenue deficit projection for FY2026; the \$3.0 million increase is provided to replace federal funds while the claims issues are resolved.

Juvenile Justice Grant (federal funds) \$497,654

A Governor's Budget Amendment dated March 11, 2026, increases federal funds by \$497,654 to reflect the Department's Office of Juvenile Justice and Delinquency Prevention (OJJDP) federal grant, awarded in 2024, which was inadvertently excluded from the Governor's recommendation.

Blizzard Overtime \$11,600

The Budget increases general revenues by \$11,600 pursuant to a Governor's Budget Amendment dated May 15, 2026. The funds are related to overtime expenses incurred at the Rhode Island Training School during the February 2026 blizzard.

DEPARTMENT OF HEALTH**New Health Lab Operating Costs (\$949,650)**

The Budget includes a restricted receipt reduction of \$949,650, correcting for overstated costs in FY2026.

Rural Health Transformation Program (federal funds) \$2.3 million

Pursuant to GBA 6, the Budget adds \$26.3 million in and \$1.0 million from indirect cost recovery restricted receipts for a new federal Rural Health Transformation Program grant. In FY2026, the Budget includes \$2.3 million from the federal RHTP and \$447,896 from indirect cost recovery restricted receipts. Of these funds, approximately \$800,000 will support 6.0 new FTE positions.

Third Quarter Report Savings (federal funds) (\$1.5 million)

The Budget includes a federal funds decrease of \$1.5 million, with a corresponding \$8.5 million restricted receipts reduction reconciling with updated vaccination expenditures and other operations.

Personnel Salary and Benefits Reallocation (federal funds) \$60,320

The Governor recommends a \$60,320 federal funds increase, with a corresponding restricted receipt increase of \$90,481 to correct the salary and benefits funding for an FTE position in the Healthcare Quality and Safety program that was miscalculated.

DEPARTMENT OF HUMAN SERVICES***Office of Healthy Aging – Home and Community Care Organization* **\$550,000****

The Budget includes a general revenue increase of \$550,000, with a corresponding federal finds increase of \$735,046 to fully fund the home and community services provided by the Office of Healthy Aging. This program serves a subset of Rhode Islanders aged 65+, a demographic that has grown in each of the last several years and will continue to grow for the foreseeable future.

Office of Veterans Services Third Quarter Adjustment* **(\$550,000)*

The Budget includes a general revenue decrease of \$550,000 related to turnover and operating savings reported in the third quarter report.

May Caseload Conference Cash Assistance* **(\$11,280)*

The Budget includes a general revenue reduction of \$11,280, with a corresponding federal funds decrease of \$11.5 million, reflecting updated caseload estimates for Rhode Island Works, Subsidized Child Care, Supplemental Security Income, and General Public Assistance from estimates adopted at the May 2026 Caseload Estimating Conference.

Child Support federal credit adjustment (federal funds)* **\$617,546*

The Budget includes a federal funds increase of \$617,546, reflecting corrected estimates for child support collections. Child support credits were originally college and recorded as revenue, however, according to the Department of Administration this is not how they should be treated. Funds are now used to credit expenses in the Office.

Incredible Beginnings Program (federal funds)* **\$80,000*

The Budget includes \$80,000 federal funds increase to support the creation of the “Incredible Beginnings” program, an expansion of the existing “Incredible Years” program. Incredible Years offers a slew of evidence-based early intervention programs for parents, teachers, early childhood educators, counselors, and other professionals who work with children aged 0-12. The program focuses on social emotional learning, academic skills, and positive behavioral outcomes. Incredible Beginnings was introduced in Rhode Island in 2017, and trains teachers and childcare providers to create supportive and emotionally responsive learning environments.

Organ Transplant Fund (restricted receipts)* **\$15,000*

The Budget restores \$15,000 in restricted receipts to the organ transplant fund. In the FY2026 Budget as Enacted, the Department shifted funding from the Executive Office of Health and Human Services to the Department of Human Services to fully support the fund. The fund was shifted from the Executive Office of Health and Human Services (EOHHS) to the Department in 2026. It is funded through charitable donations only.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS***ESH Billings* **\$10.0 million****

The Budget increases general revenues by a total of \$10.0 million related to billing issues at Eleanor Slater Hospital. This total includes a \$2.5 million increase to offset unavailable Medicaid funds for services at the long-term acute care hospital, a \$4.8 million increase to offset unavailable Medicaid funds for a specific billing issue with patients who are eligible for both Medicaid and Medicare, and a \$2.7 million increase to offset other federal fund shortfalls.

Rural Health Transformation Program (2.0 FTEs) (federal funds)* **\$452,647*

A Governor’s Budget Amendment dated April 2, 2026, increases federal funds by \$452,647 for the Rural Health Transformation Program, a federal state award as part of HR-1. The funding includes the addition

of 2.0 FTE positions within the Department and is intended to support recovery centers, crisis and stabilization services, and Westerly Hospital's geriatric psychiatry unit.

Behavioral Health Data Exchange Pilot (restricted receipts) **\$379,549**

Pursuant to a Governor's Budget Amendment dated March 11, 2026, the Budget increases restricted receipts by \$379,549 to reflect the award of a federal grant for a pilot to create an electronic clinic reporting system for Certified Community Behavioral Health Clinics (CCBHCs). The pilot will include five of the six CCBHCs in Rhode Island.

May CEC Adjustment **\$201,247**

A Governor's Budget Amendment dated May 22, 2026, increases general revenues by \$201,247 (\$288,094 all funds) to align funding in the Services for the Developmentally Disabled program with the caseloads adopted at the May 2026 Caseload Estimating Conference.

Blizzard Overtime Expenses **\$146,456**

A Governor's Budget Amendment dated May 15, 2026, increases general revenues by \$146,456 to account for overtime expenses at hospital facilities and state group homes during the February 2026 blizzard.

Hospital License Fee Correction **(\$109,029)**

The Budget decreases general revenues by \$109,029 in general revenues (\$194,516 all funds) to reduce the expenses included for the hospital license fee in the Governor's recommendation to the correct fee due by law.

COMMISSION ON DISABILITIES

Livable Home Modification Grant Program **(\$305,032)**

The Budget decreases general revenue by \$305,032 for the Livable Home Modification Grant Program due to an error that occurred in budgeting the reappropriation. The FY2026 Revised Budget includes a reappropriation of \$890,565 from unspent FY2025 funds. However, the Budget Office discovered that the available balance was \$585,533. The FY2026 Revised Budget includes proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year.

Commission on the Deaf and Hard of Hearing

ELEMENTARY & SECONDARY EDUCATION

School Building Authority Capital Fund **(\$5.9 million)**

Article 7 repeals the requirement that surplus funds appropriated to the school housing aid program be deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA), as recommended by the Governor; however, the article moves the effective date back to effective July 1, 2025, instead of 2026. Consequently, the Budget shifts \$5.9 million in savings from project delays from FY2026 into FY2027.

Rural Health Transformation Program (federal funds) **\$1.1 million**

As recommended in Governor's Budget Amendment 6, the Budget adds \$1.1 million in FY2026 and \$4.8 million in FY2027 from the new federal RHTP grant. On December 29, 2025, the Centers for Medicare and Medicaid Services (CMS) announced a \$156.2 million federal Rural Health Transformation Program (RHTP) grant award to Rhode Island for the first of five grant years. The funds will be distributed in yearly tranches in federal FY2026 through FFY30 over six state agencies with 10.0 percent available for administrative expenses.

GBA 6 - Rural Health Transformation Program (RHTP) - Grant Year 1

Department	FY2026	FY2027	Total
Business Regulation	\$0.4	\$21.4	\$21.8
Labor and Training	0.4	7.0	7.4
Executive Office of Health and Human Services	5.6	68.8	74.5
Health	2.8	27.3	30.1
Behavioral Healthcare, Development Disabilities and Hospitals	0.5	4.1	4.5
Elementary and Secondary Education	1.1	4.8	5.9
Total	\$10.7	\$133.5	\$144.2
Funds to be appropriated in FY2028			13.4
Total			\$157.6

\$ in millions

Davies HVAC (RICAP funds)**\$1.0 million**

The Budget shifts \$1.0 million in RICAP funds from FY2026 into FY2027 to reflect updated project expenditures for the HVAC project at Davies.

Internal Service Fund (ISF) Adjustment**\$298,867**

Pursuant to Governor's Budget Amendment 3, the Budget increases ISF adjustments by \$219,580 to reflect updated projected costs, including \$79,287 for facilities management, \$177,127 for electricity, and \$42,453 for natural gas.

Davies CTE Adjustment (restricted receipts)**\$150,000**

Pursuant to Governor's Budget Amendment 8, the Budget increases career and technical education (CTE) categorical funding by \$150,000 to reflect the higher award received by Davies.

EC⁴ Award**(\$56,000)**

Pursuant to Governor's Budget Amendment 8, the Budget reduces the Department's EC⁴ award by \$56,000 to reflect the updated timeline, leaving a balance of \$175,000 in restricted receipt funding for the Department to retain a consultant to create a roadmap for schools interested in solar.

Education Funding Formula Adjustment**\$4,356**

Pursuant to Governor's Budget Amendment 18, the Budget corrects for education funding inadvertently omitted from the formula aid for a charter school.

PUBLIC HIGHER EDUCATION**Rhode Island Capital Fund (RICAP) Changes (other funds)****(\$9.5 million)**

The Budget includes a net RICAP reduction of \$9.5 million, including the following:

- **URI – PFAS Removal Water Treatment Plant:** The Budget includes a \$4.5 million RICAP reduction related to the URI PFAS removal water treatment plant, reconciling with up-to-date project estimates. The project is estimated to cost a total of \$21.7 million to construct a permanent water treatment plant to address the University's elevated per- and polyfluorinated substances (PFAS) levels. Originally, these funds were identified as ARPA SFRF funding; however, the University's capital improvement plan timetable put these time-sensitive funds at risk of being reclaimed by the federal government, instead the project will be completely funded through RICAP funds
- **CCRI – Renovation and Modernization Phase I:** The Budget includes a RICAP reduction of \$2.8 million, reconciling with updated project plans. The project will modernize academic and student support spaces. The project is estimated to cost a total of \$59.5 million with \$12.0 million from general obligation bonds approved in March 2021, and \$47.5 million in RICAP funds.

- **CCRI – Renovation and Modernization Phase II:** The Budget includes a \$400,000 RICAP decrease, reflecting updated project plans for renovations at CCRI. This phase, which is estimated to cost a total of \$147.7 million in both RICAP and general obligations funds, will begin the construction processes of the project. Specifically, in FY2026 and FY2027, the project will focus on HVAC, electrical, and foundational repairs at the Warwick and Providence campuses.
- **CCRI – Flanagan Campus Renovations:** The Budget includes a \$1.8 million RICAP reduction reflecting updated project plans. This \$12.5 million project includes modernization and code compliance upgrades to all the science labs at the Lincoln campus, as well as the refurbishment of the exterior including heat resistance paint, window replacement, and light abatement.

Hope Scholarship May Update ***(\$265,341)***

Pursuant to the May 2026 Hope report submitted by Rhode Island College, the Budget includes a general revenue reduction of \$265,341, reflecting updated expenditures. Total funding in the Budget for the scholarship is \$5.0 million.

RI DATA Shift to Federal Funds ***(\$232,329)***

The Budget includes a \$232,329 general revenue shift to federal funds. RI DATA is the States longitudinal data system that connects data from early childhood, through K-12 and higher education, and into the workforce, with the mission to inform policy and facilitate research that improves the well-being of all Rhode Islanders.

In the Office of the Postsecondary Commissioner’s (OPC) 3rd quarter report, the office projects a \$101,200 surplus, primarily attributable to turnover savings, The House Finance Committee further shifts an additional \$131,129 in general revenue to federal funds.

Promise Scholarship May Update ***\$20,047***

Pursuant to the May 2026 Promise report submitted by the Community College of Rhode Island, the Budget includes a general revenue increase of \$20,047, reflecting updated expenditures. Total funding in the Budget for the scholarship is \$7.5 million.

RHODE ISLAND ATOMIC ENERGY COMMISSION

Student Projects (federal funds) ***\$7,936***

The Budget includes an additional \$7,936 in funding from the U.S. Nuclear Regulatory Commission to support costs of student projects focused on nuclear education.

Capital Expenditure Adjustment (restricted receipts) ***\$10,000***

The Budget includes an additional \$10,000 in restricted receipts to reflect higher than anticipated capital repair costs that are funded by reactor fees.

HISTORICAL PRESERVATION AND HERITAGE COMMISSION

Personnel Adjustments ***(\$200,000)***

The Budget decreases general revenue by \$200,000 based on anticipated savings as stated in the third quarter report.

OFFICE OF THE ATTORNEY GENERAL

RICAP: Building Renovations (other funds) ***(\$2.5 million)***

Based on updated spending expectations, the Budget shifts \$2.5 million of RICAP funds for asset protection projects at the Office of the Attorney General’s 180 South Main Street location from FY2026 and increases

funding for FY2027 by \$1.5 million and \$1.0 million in FY2028. The Budget does not include funding in FY2026 and provides \$2.7 million in FY2027 and \$1.9 million in out-year FY2028.

DEPARTMENT OF CORRECTIONS

RICAP: HVAC Replacement (other funds) ***(\$18.5 million)***

Based on updated project timelines, the Budget removes \$18.5 million of RICAP funds in FY2026 and increases funding by \$14.3 million in FY2027 and \$5.9 million in FY2028 for the replacement of the heating, ventilation, and air conditioning system at the Department of Corrections' Intake Services Center. The FY2026 Budget as Enacted provided a total of \$41.1 million in RICAP funds for the project, which was mistakenly reduced to \$39.9 million in the Governor's FY2027 Budget and subsequently corrected in Governor's Budget Amendment 1. The Budget provides \$8.5 million in FY2026, \$19.8 million in FY2027, and \$5.9 million in out-year FY2028 for the project, representing a total RICAP appropriation of \$41.6 million.

Blizzard Expenses GBA ***\$1.6 million***

Pursuant to Governor's Budget Amendment 12, dated May 15, 2026, the Budget provides \$1.6 million in additional general revenue in FY2026 to support the increased expenditures from the historic Blizzard of 2026 incurred by the Department of Corrections. The increase includes \$399,272 for snow removal and storm-related repairs to vehicles and buildings, as well as \$1.2 million for personnel overtime expenditures. Essential DOC personnel are compensated at double time and a half during a declared state of emergency.

Unachieved Efficiency Savings ***\$1.6 million***

The Budget increases general revenue by \$1.6 million to remove the efficiency savings that the Department of Corrections failed to achieve in FY2026. The Governor recommended consolidating the populations housed at both the Minimum-Security and Medium-Security facilities in last year's budget recommendation and included \$6.1 million in general revenue personnel savings. A subsequent feasibility study estimated capital costs of \$67.1 million for the consolidation. The Department testified before the House Finance Committee that it would identify \$1.6 million in efficiency savings instead of proceeding with the consolidation plan. The Department's 3rd Quarter Report states, "The enacted budget included \$1.6M in overtime savings from unspecified post closures and operational changes. The Department currently does not have enough correctional officers to adequately staff facilities safely and securely and essential posts are not able to be filled at sufficient levels, thus rendering these savings unachievable."

State Criminal Alien Assistance Program Shortfall ***\$1.0 million***

The Department's 3rd Quarter Report indicates that it had not received its expected \$1.0 million State Criminal Alien Assistance Program (SCAAP) grant, which was included in the FY2026 Budget as Enacted to support personnel expenditures. The Budget reduces federal funds by \$1.0 million to reflect the unawarded grant and increases general revenue by an equivalent amount to support the personnel expenditures. The Department indicates that the last SCAAP award released was for federal FY2024, which was not received until FY2025.

Accreditation ***(\$303,152)***

The Budget removes \$303,152 in general revenue associated with the reallocation of 3.0 FTE positions to achieve accreditation with the American Correctional Association and assumes turnover savings equivalent to reallocated positions. The FY2026 Budget as Enacted did not provide funding for the accreditation initiative, but the Governor recommended \$303,152 in the FY2026 Revised Budget. The Department's 3rd Quarter Report indicates projected expenditures of \$253,368 for the initiative in FY2026.

Staff Travel ***(\$70,106)***

The Budget includes \$105,343 of general revenue to support out-of-state travel expenditures, primarily for agency leadership, reflecting a \$70,106 reduction from the Governor's recommendation.

MILITARY STAFF***Coventry Water Modernization Project (federal funds)*** **\$600,000**

The Budget increases federal funds by \$600,000 to finance the Coventry Water Modernization project. At the time the agency submitted its capital plan requests for FY2027-FY2031, the Military Staff requested funding for this project via the Army MSAP subproject listing, which at the time was to be 100.0 percent RICAP funded. However, the project was not included in the Governor's recommended capital budget. Recently, the Military Staff learned that \$4.1 million in federal funds would be awarded for the project, making the project 100.0 percent federally funded.

The project involves the installation of a new water supply from the Kent County Water Authority (KCWA) to the Rhode Island Army National Guard (RIARNG) property located in Coventry, RI. The work includes the installation of approximately 3,100 linear feet of new 8-inch DI water main along Read School House Road and Nike Site Road, a prefabricated booster pump station, emergency diesel generator, electrical, instrumentation, SCADA, including valves, hydrants, water system tie-in connections, pavement restoration, and appurtenances. In addition, the existing RIARNG pump station, three water supply wells, and underground storage tank will be decommissioned.

Asset Protection **(\$1.9 million)**

The Budget also shifts \$1.9 million in RICAP funds from FY2026 to FY2027 for general asset protection projects to reflect the timing of expenses.

Aviation Readiness Center (RICAP funds) **(\$7.0 million)**

The Budget includes \$7.5 million of RICAP funds in FY2026, reflecting an increase of \$3.1 million from the FY2026 Budget as Enacted and includes \$7.6 million in RICAP funds in FY2027 to complete the construction of a \$62.0 million, 73,788 square foot training and readiness center at the Quonset Air Base for the Rhode Island National Guard 1/126th Aviation Unit. Approximately, 75.0 percent of the project cost is paid through the federal National Guard Bureau. However, the Military Staff reported in the FY2026 3rd quarter finance report that the construction contract was only recently awarded and that the project is not expected to begin until FY2027. Therefore, the Budget shifts \$7.0 million in RICAP funds from FY2026 to FY2028 to reflect the revised project schedule.

DEPARTMENT OF PUBLIC SAFETY***RICAP: Southern Barracks GBA (other funds)*** **\$12.2 million**

Pursuant to Governor's Budget Amendment 1, dated February 10, 2026, the Budget increases RICAP funds by \$12.2 million to \$29.0 million in FY2026 for the construction of the Rhode Island State Police Southern Barracks in West Greenwich. The Governor mistakenly omitted \$12.2 million in RICAP funds from the Revised Budget that were intended to be carried forward from FY2025 to FY2026, and subsequently submitted a budget amendment to correct the error. The project is expected to be completed in August 2026 with a total cost of \$41.4 million, all of which is RICAP funds.

Turnover and Operations **(\$900,000)**

The Budget includes an additional \$900,000 in net general revenue savings based on the Department's 3rd Quarter Report. The adjustment includes a \$1.4 million increase to turnover savings due to vacancies within the Division of Sheriffs, offset by a \$470,000 increase to the State Police for expenditures related to the Blizzard of 2026 that are not expected to be reimbursed by federal sources.

RICAP: RISON Microwave Tower Replacement GBA (other funds) **\$245,048**

Pursuant to Governor's Budget Amendment 1, dated February 10, 2026, the Budget increases RICAP funds by \$245,048 to support the RISON Microwave Tower Replacement project. The Governor mistakenly

omitted the project's final payment of \$245,048 in the Revised Budget and subsequently submitted a budget amendment to resolve the error.

ARPA SFRF: Support for Survivors of Domestic Violence GBA (federal funds) \$41

Pursuant to Governor's Budget Amendment 1, dated February 10, 2026, the Budget increases American Rescue Plan Act State Fiscal Recovery Funds (ARPA SFRF) by \$41 to reflect the remaining available funds for the Support for Survivors of Domestic Violence project. The Department was provided a total of \$10.5 million ARPA SFRF for the project, which extends grants to nonprofits to support the mental health and physical safety of victims of domestic violence and sexual assault. The Budget includes \$4.5 million in FY2026 and \$64,786 in FY2027.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

Rhode Island Capital Plan (RICAP) fund Changes (\$2.6 million)

The Budget includes a decrease of \$2.6 million in Rhode Island Capital Plan (RICAP) funding to reflect the following:

- **Natural Resources Offices/Visitor's Center:** Due to an updated project schedule, the Budget reduces funding by \$1.7 million in FY2026 and shifts \$1.0 million of the funds into FY2027 and \$700,000 into FY2028. The project involves renovating space on the Alton Jones Campus at the University of Rhode Island for use as a new visitor center and office space.
- **Newport Pier Upgrades:** To reflect the updated project schedule, the Budget shifts \$887,328 funding for ongoing repairs and renovations of the pier from FY2026 to FY2028. This project supports the commercial fishing industry by making infrastructure improvements for commercial fishing facilities at the State Pier in Newport. State Pier #9 in Newport houses approximately 50 commercial fishing vessels, providing the only affordable, berthing space for the local commercial fleet.

Personnel Adjustments \$1.4 million

The Budget includes an additional \$1.4 million in general revenue to support personnel expenses. In the third quarter report, DEM reported a projected shortfall due to lower than projected turnover and the state minimum wage increase that took effect in January 2026 and was not supported in the Governor's recommended budget.

Blizzard Overtime and Emergency Repairs \$90,338

Pursuant to Governor's Budget Amendment 12, the Budget provides an additional \$90,338 in general revenue for additional overtime and emergency repairs across multiple sub-programs due to the February 2026 Blizzard.

DEPARTMENT OF TRANSPORTATION

Motor Fuel Bonds Defeasement GBA (other funds) (\$4.9 million)

Pursuant to Governor's Budget Amendment 3, dated March 11, 2026, the Budget reduces motor fuel tax expenditures by \$4.9 million to reflect the completion of debt service on bonds issued through the Grant Anticipation Revenue Vehicle (GARVEE) program. Current law requires that \$0.02 of the \$0.405 per gallon gas tax be used for debt service payments on GARVEE bonds, and the Governor's Revised Budget includes \$8.7 million for this purpose. The bonds were defeased in December 2025, and the Budget reduced expenditures accordingly.

DOT Gas Tax Yield and HMA Revision (other funds) \$3.7 million

The Budget transfers \$99.2 million in Rhode Island Highway Maintenance Account funds (HMA) and \$97.7 million in gas tax receipts to the Department of Transportation in FY2027, reflecting a net increase of \$3.7 million from the FY2026 Governor's Revised Budget. The Office of Revenue Analysis's (ORA)

May 2026 gas tax forecast includes an upward revision to the yield per penny of \$52,258, which increases the Department's share of gas tax by \$1.2 million. The ORA's May 2026 HMA estimate also includes an upward revision, which increases the Department's share of HMA receipts by \$2.3 million. The upward revision to the HMA also increases the transfer to the general fund by \$136,738, bringing it to \$6.1 million.

RICAP: RIPTA Kingston Station Mobility Hub GBA (other funds) (\$1.1 million)

Pursuant to Governor's Budget Amendment 1, dated February 10, 2026, the Budget provides \$300,000 in RICAP funds for the Kingston Station Mobility Hub, reflecting a \$1.1 million reduction. The Governor's Revised Budget mistakenly overstated the RICAP funds provided to the project and subsequently submitted a budget amendment to correct the error.

RICAP: Train Station Asset Protection (other funds) (\$900,000)

The Budget includes \$1.5 million of RICAP funds in FY2026 for various asset protection projects at train stations in Woonsocket, Kingston, Wickford Junction, and Westerly, representing a \$900,000 reduction from the Governor's Revised Budget. The Budget shifts \$900,000 from FY2026 to FY2030 based on historical expenses and delays.

RIPTA Gas Tax Yield and HMA (other funds) \$873,833

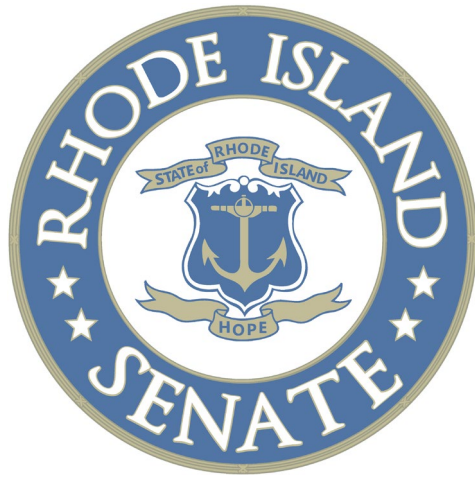
The Budget transfers \$68.2 million in other funds to RIPTA in FY2026, representing an increase of \$873,833 from the Governor's Revised Budget. The adjustment reflects the increased collections projected in May 2026 estimates from the Office of Revenue Analysis and includes an additional \$614,032 in gas tax receipts and \$259,801 in HMA funds.

RITBA Gas Tax Yield (other funds) \$182,903

The Budget transfers \$15.4 million in gas tax receipts to the Rhode Island Turnpike and Bridge Authority (RITBA) in FY2026, representing an increase of \$182,903 from the Governor's Revised Budget. The adjustment reflects the increased collections projected in the Office of Revenue Analysis's May 2026 estimate.

GARVEE Debt Correction (federal funds) (\$133,250)

The Budget reduces federal funds by \$133,250 to correct an overstated federal fund expense in FY2026 for debt issued through the Grant Anticipation Revenue Vehicle program.



SPECIAL REPORTS

Municipal Aid

The Budget includes \$433.2 million in state aid to municipalities in FY2027. This is \$9.8 million more than the FY2026 enacted level. The net increase is primarily related to increased estimated hotel tax revenue (including new receipts from the whole house short-term rental tax) and the 2.0 percent sales inflation adjustment for the motor vehicle excise tax aid program.

Funding for the Distressed Community Relief program is \$940,571 more than the enacted level reflecting the addition of East Providence to the program. The Payment in Lieu of Taxes program is reduced by \$2.3 million for a total of \$49.0 million (full 27.0 percent cap).

Meal and Beverage Tax revenue is projected to increase by a total of \$3.1 million for FY2027 and the Hotel Tax is projected to increase by \$5.9 million over the FY2026 enacted level. Tables showing impacts by community are included at the end of this analysis.

Program	FY2026		Change from		Change from		
	FY2026 Enacted	HFC Revised	Enacted	FY2027 HFC	FY2026 Enacted	FY2027 HFC	%
Payment in Lieu of Taxes	\$51.3	\$51.3	-	-	\$49.0	(2.3)	-4.5%
Distressed Communities	14.9	14.9	-	-	15.8	0.9	6.0%
Motor Vehicle Excise Tax	239.6	239.6	-	-	244.3	4.7	2.0%
Tangible Tax Reimbursement	25.9	25.9	-	-	25.9	-	0.0%
State Aid to Libraries							
Grant-in-Aid	12.1	12.1	-	-	12.5	0.4	3.3%
Library Construction	2.1	2.1	-	-	2.1	-	-
Total Direct Aid	\$345.9	\$345.9	-	-	\$349.6	\$3.7	1.1%
Public Service Corporations Tax	\$15.7	\$15.7	-	-	\$13.2	(2.5)	(0.2)
Meals & Beverage Tax	42.0	43.2	1.2	2.9%	45.1	3.1	7.4%
Hotel Tax	18.9	19.2	0.3	1.6%	24.8	5.9	31.2%
Airport Impact Aid	1.0	1.0	-	0.0%	1.0	-	0.0%
Total Indirect Aid*	\$77.6	\$79.1	\$1.5	1.9%	\$84.0	\$6.5	8.4%
Total Aid	\$423.5	\$425.0	\$1.5	0.4%	\$433.6	\$10.2	2.4%

\$ in millions. Totals may vary due to rounding.

*Values are based on estimates made at the time of the Budget's introduction are subject to revision.

DIRECT AID TO LOCAL GOVERNMENT

Payment in Lieu of Taxes (PILOT)

The Payment in Lieu of Taxes (PILOT) program was established in 1986 to reimburse cities and towns for property taxes that would have been due on real property owned by entities that are statutorily exempt from paying taxes. These entities include private nonprofit institutions of higher education, nonprofit hospitals, or any state-owned property such as hospitals, veterans' residential facilities, or correctional facilities. The objective is to offset the costs to the community for providing public safety or other municipal services to these properties. In determining the amount of each municipality's share of the aid appropriation, the Division of Municipal Finance uses actual assessment data and foregone tax

Fiscal Year	PILOT Funding Trends		
	Total Funding	% Change	% Reimbursed
2022	\$46.1	-9.1%	26.0%
2023	48.4	5.0%	27.0%
2024	49.2	1.7%	27.0%
2025	49.2	0.0%	26.7%
2026	51.3	4.3%	27.0%
2027	49.0	-4.5%	27.0%

\$ in millions.

revenue as of December 31 of the calendar year preceding the annual data submission deadline. The following table lists the properties that are counted towards the PILOT program:

PILOT Properties by Municipality	
Barrington	Providence
RI School of Design	Brown University
Bristol	Butler Hospital
Brown University	Home & Hospice Care of RI
Roger Williams University	Johnson & Wales University
RI Veterans Home	Miriam Hospital
Burrillville	Providence College
Zambarano Hospital	Rhode Island Hospital
Cranston	Rhode Island School of Design
Brown University	Roger Williams University
Johnson & Wales University	Women & Infants Hospital of Rhode Island
State Hospital and Prisons	Smithfield
East Greenwich	Bryant University
New England Institute of Technology	South Kingstown
Women & Infants Hospital of Rhode Island	South County Hospital
East Providence	Warwick
Bradley Hospital	Bradley Hospital
Rhode Island Hospital	Kent County Memorial Hospital
Newport	New England Institute of Technology
International Yacht Restoration School	Westerly
Newport Hospital	Westerly Hospital
Salve Regina College	Women & Infants Hospital of Rhode Island
North Kingstown	Woonsocket
South County Hospital	Landmark Hospital
Pawtucket	
Miriam Hospital	

The Budget includes \$49.0 million in general revenue for the State's PILOT program in FY2027, \$2.3 million less than the FY2026 enacted level.

Current law requires reimbursement payments in the amount of 27.0 percent of forgone tax revenue but allows for a ratable reduction if the appropriation is less than this amount. The Budget appropriates 27.0 percent.

Distressed Community Relief

The Distressed Community Relief (DCR) aid program was established in 1990 to provide State assistance to communities with the highest property tax burdens relative to the wealth of taxpayers. The Budget includes \$15.8 million in general revenue for the Distressed Community Relief Fund in FY2027, \$940,571 above the FY2026 enacted level.

Qualification for distressed community relief funds is based upon four inputs – percent of tax levy to full value of property, per capita income, percent of personal income to full value of property, and per capita full value of property. This data is updated annually from the census data and certified by the Division of Municipal Finance. Distribution of funds is based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. The program allows for transitional funding for when a community is either newly eligible or determined to no longer be eligible for the program. This funding is 50.0 percent of its proportional share.

- **FY2026:** The Town of Coventry qualified as a distressed community in FY2026 and received a 50.0 percent appropriation of \$804,459. The remaining 50.0 percent of Coventry's appropriation is divided

among the remaining six qualified distressed communities. In FY2027 Coventry is appropriated the full formula amount of \$1.6 million.

- **FY2027:** At the time the Governor submitted the Budget to the General Assembly at the beginning of January 2026, the data needed to determine which communities are eligible for Distressed Community had not been released by the U.S. Census. The delay required the Division of Municipal Finance to use 2024 Census data to calculate a distribution estimate (as shown in the table above). The data has subsequently been updated by the U.S. Census for 2025. The new information indicates that East Providence is now eligible for the program in FY2027. Like Coventry in FY2026, East Providence will receive 50.0 percent of its proportional share in FY2027 and its full formula share in FY2028. The following table shows the revised distribution:

Municipality	FY2026 Enacted	FY2027 HFC	Change
Central Falls	\$305,400	\$283,906	<i>(\$21,494)</i>
Coventry	804,459	\$1,581,885	<i>777,426</i>
East Providence	-	940,553	<i>940,553</i>
North Providence	1,275,820	1,165,299	<i>(110,521)</i>
Pawtucket	2,021,793	1,930,435	<i>(91,358)</i>
Providence	8,185,589	7,781,883	<i>(403,706)</i>
West Warwick	1,295,536	1,198,229	<i>(97,307)</i>
Woonsocket	995,860	942,839	<i>(53,021)</i>
Total	\$14,884,458	\$15,825,029	<i>\$940,571</i>

The Budget requires that any community classified as “distressed” be mandated to participate in the Division of Taxation’s income tax refund offset program, allowing the Division to recover unpaid State and local taxes and/or fines through an intercept of an individual’s income tax refund. The program assists communities with maximizing their collection of revenue, thereby reducing or eliminating their distressed condition. All seven communities are currently participating.

Motor Vehicle Excise Tax

In FY2023, the General Assembly eliminated local motor vehicle excise taxes (“car taxes”) throughout the State. This was the culmination of an extended phase-out period that began with the Motor Vehicle and Trailer 4 Tax Elimination Act of 1998 (MVET Act), was paused for seven years, was reinstated in FY2018, and then finally completed in FY2023, a year earlier than originally contemplated. Throughout the phase-out, the State has provided municipalities with general revenue-funded formula aid that increasingly offset losses in local revenue. The final annual aid distribution amounts by municipality totals \$234.7 million (equal to the FY2024 levy) and are codified in RIGL 44-34.1-2.

Current law (RIGL 44-34.1-2 (c)) also provides that beginning in FY2026, the car tax reimbursement provided to municipalities will include an annual adjustment indexed to growth in the state sales tax and subject to a cap of 2.0 percentage point increase from the previous year. This adjustment was originally enacted to mitigate potential foregone revenue loss subsequent to the elimination of the car tax due to changes in the economy. As sales tax revenue grows (or decreases), the State reimbursement to municipalities grows (or decreases), proportionately. The estimated final annual aid distribution in FY2026, inclusive of the sales tax adjustment totals \$239.6 million and \$244.3 million in FY2027.

Article 5 of the Governor’s FY2027 budget recommendation made statutory changes that permit the sales tax adjustment to take place and be distributed through FY2026 only and then locked in the reimbursement to the FY2026 amount. The annual sales tax growth adjustment first has a fiscal impact in FY2026. The House Finance Committee does not include changes and preserves the adjustment.

Tangible Tax Changes

In FY2024, the General Assembly provided for a state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. Tangible personal property (TPP) comprises property that can be moved or touched and commonly includes items such as business equipment and furniture. It is one of four classifications of property that typically are taxed by municipalities, the others being residential real estate, commercial/industrial, and motor vehicles. The latter has been completely phased out in Rhode Island as of FY2023.

The program provides an exemption on the first \$50,000 in tangible property value from the TPP statewide, as of the assessment date of December 31, 2023. The exemption does not apply to public service corporations or certain renewable energy resources and associated equipment. All ratable tangible personal property valued above \$50,000 remains taxable. The change is estimated to positively impact all taxpayers (except those noted above) and eliminate the TPP tax liability altogether for 30,152 business, or 75.0 percent of taxpayers.

To offset the revenue loss to municipalities associated with the exemption, the state provides aid through a program within the Department of Revenue's Division of Municipal Finance (DMF). DMF reimburses municipalities at 100.0 percent of the revenue foregone due to the exemption that would have been collected for FY2025. Municipalities had until August 15, 2024, to document, certify, and file their tangible property tax assessments with the DMF in order for reimbursement. No adjustments are made to this baseline in future fiscal years. Reimbursement payments are to be made by September 30th of each year. Reimbursements are not made until a municipality or fire district has provided DMF with its certified tax roll and any other required information. The FY2027 and FY2026 revised budgets include \$25.9 million in reimbursements for municipalities.

Analyst Note: As noted above, municipalities had until August 15, 2024, to document, certify, and file the assessment with the Division of Municipal Finance. Based on this schedule, actual reimbursement amounts would not be known until the FY2025 Supplemental Budget.

The FY2024 Budget as Enacted included \$28.0 million in general revenue within the Department of Revenue for the new state aid program with the provision that any unused funds be subject to automatic reappropriation to the following fiscal year. These funds were appropriated as a placeholder with the understanding that implementation and reimbursements do not take place until FY2025. The FY2025 Supplemental Budget and FY2026 Budgets include \$25.9 million for the program based on the actual documentation submitted by municipalities and certified by DMF.

State Aid to Libraries

Grant-in-Aid: State aid to libraries is distributed based on the city or town's expenditure level as a percentage of the total expenditures by all communities statewide. In order to be eligible for these funds, cities and towns must maintain their level of support for public library services at 100.0 percent of the previous year's funding from the local tax base. The Budget provides cities and towns with \$14.6 million in total direct library aid in FY2027 equal to the FY2026 enacted level. This includes \$1.2 million in funding for the Statewide Reference Library

Resource Grant that supports interlibrary services for all municipal libraries. Distribution of direct library aid is based on qualifying data from the statutory reference year. Current law requires reimbursement of 25.0 percent of second prior year expenses but allows for a ratable reduction if the appropriation is less than this amount. The FY2027 appropriation is funded at 25.0 percent.

Fiscal Year	Grant in Aid*	Library Aid		Total Aid	% Change
		Construction			
2022	\$9.6	\$2.1		\$11.7	-4.9%
2023	11.0	1.9		12.9	9.8%
2024	11.5	2.1		13.6	5.8%
2025	11.9	2.2		14.1	3.7%
2026	12.1	2.1		14.2	0.7%
2027	12.1	2.1		14.6	2.8%

\$ in millions

*Inclusive of the Statewide Reference Library Resources Grant

Construction Reimbursement: Rhode Island law grants authority to the Office of Library and Information Services (OLIS) to award grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community's debt service requirement, for a period of up to 20 years.

For FY2027, the Budget includes \$2.1 million for Library Construction Aid, equal to the FY2026 enacted level.

INDIRECT AID TO LOCAL GOVERNMENT

Public Service Corporation Tax

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations is exempt from local taxation. It is, however, subject to taxation by the State. The State Tax Administrator applies the average assessment ratio and the average tax rate to the value of tangible personal property of each company to calculate the amount of tax due. The "average assessment ratio" is the total assessed valuation divided by the full market value of the valuation. The "average property rate" is the total statewide property levy divided by the total statewide assessed valuation.

The revenue from this tax flows through the State; it is not appropriated. The State is allowed to keep 0.75 percent of the tax for administrative fees. The remainder of the revenue is deposited into a restricted receipt account and apportioned to the cities and towns based on the ratio of each municipality's population relative to the total population of the State.

In 2009, the General Assembly passed legislation freezing the tax rate on telecommunications tangible personal property at a rate equal to or greater than the rate that applied in FY2008. For each year thereafter, the tax rate applied to telecommunications tangible property can be no less than the rate that applied in FY2008.

The Budget includes the estimated amount of \$13.2 million to be distributed to municipalities on July 30, 2027.

Meals and Beverage Tax

During the 2003 session, the General Assembly enacted a 1.0 percent gross receipt tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The revenue from this tax flows through the State; it is not appropriated. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered.

For FY2026, the State anticipates \$41.4 million in collections, increasing to \$45.1 million in FY2027.

Hotel Tax

The State levies a 5.0 percent gross receipts tax on charges for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised, or held out to the public to be a space where living quarters are supplied for pay for

Fiscal Year	Total Funding	% Change
2022	\$12.6	-4.5%
2023	13.1	4.0%
2024	14.5	10.7%
2025	15.5	6.9%
2026	15.7	1.3%
2027	13.2	-15.9%

\$ in millions

Fiscal Year	Total Funding	% Change
2022	\$32.4	33.8%
2023	35.7	10.1%
2024	38.5	7.8%
2025	39.6	2.9%
2026	41.4	4.5%
2027	45.1	8.9%

\$ in millions

transient use (30 days or less). This tax is collected by the hotel and remitted to the Division of Taxation on a monthly basis.

This tax is in addition to all other taxes and fees currently imposed. The Division of Taxation collects the tax and is responsible for distribution, except for the City of Newport, which is authorized to collect and disburse taxes from all hotels physically located in the City. 25.0 percent of the revenue from the 5.0 percent hotel tax is distributed to the city or town where the hotel which generated the tax is physically located.

The FY2016 Budget as Enacted expanded the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and partial-home room rentals from unlicensed lodging.

The FY2026 Budget as Enacted Article 5 of the Budget increased the 1.0 percent local occupancy tax to 2.0 percent and added a new 5.0 percent whole house short-term rental tax.

The Budget includes \$19.2 million in estimated hotel tax distribution in FY2026 and \$24.8 million in FY2027 and reflects the additional whole house short-term rental tax.

Hotel Tax Distribution		
Fiscal	Total	
Year	Distribution	Change
2022	\$11.8	119.5%
2023	13.8	16.6%
2024	13.5	-1.8%
2025	15.0	11.1%
2026	19.2	21.2%
2027	24.8	29.2%

\$ in millions

OTHER AID TO LOCAL GOVERNMENT

Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a customer facility charge (CFC) of \$5.00 per day for all vehicle rentals from companies operating at Rhode Island T.F. Green International Airport in Warwick. Revenues from the CFC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CFC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CFC have been deposited into a restricted receipt account for the City of Warwick. The Budget includes \$1.1 million in CFC payments to the City in both FY2026 and FY2027. Article 2 of the FY2026 Budget as Enacted exempts these funds from the 15.0 percent indirect cost recovery charge the state levies on restricted receipt accounts.

Airport Impact Aid

The Budget provides \$1.0 million in funding for the Airport Impact Aid program in FY2027. The Airport Impact Aid program provides State aid funds to municipalities which host airports. Under current law, the aid is distributed according to a statutory formula that provides 60.0 percent of the first \$1.0 million, or \$600,000, for communities with airports serving more than 1.0 million passengers per year. Rhode Island T.F. Green International in Warwick is the only airport in the State that meets this threshold. The remaining 40.0 percent is distributed to communities based on each airport's share of total landings in a calendar year, including Rhode Island T.F. Green International. Under current law, no community that hosts an airport can receive less than \$25,000.

The following table shows the estimated distribution of Airport Impact Aid for FY2026 and FY2027:

Airport	FY2026*	FY2027^	Change
Warwick - Rhode Island T.F. Green International	\$769,971	\$769,971	\$0
Block Island	44,684	44,684	-
Middletown - Newport Airport	33,482	33,482	-
Smithfield - North Central	25,000	25,000	-
Lincoln - North Central	25,000	25,000	-
North Kingstown - Quonset	56,332	56,332	-
Westerly	55,567	55,567	-
Grand Total	\$1,010,036	\$1,010,036	\$0

^FY2027 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in May 2027.

*Final FY2026 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2026.

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. Communities are responsible for appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical revaluations. The Budget includes \$826,038 in general revenue for the Property Revaluation program in FY2027, reflecting an increase of \$113,648 relative to the FY2026 enacted level. The change is based on an increase in anticipated reimbursements. The following communities will be reimbursed for statistical updates in 2027: Burrillville, North Smithfield, Smithfield, Lincoln, Central Falls, East Providence, Warwick, West Warwick, North Kingstown, South Kingstown, and Jamestown. Woonsocket, Scituate, Providence, Bristol, Westerly, and Little Compton are scheduled for a full revaluation.

Property Revaluation Program		
Fiscal Year	Total Distribution	Change
2022	\$1.5	36.4%
2023	0.4	-62.3%
2024	0.9	-39.6%
2025	1.4	108.3%
2026	0.7	-49.1%
2027	0.8	12.3%

\$ in millions

Municipality	FY2027 Direct Aid						FY2027 Budget	Change from FY2026
	FY2026 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Library Aid	Motor Vehicle Excise Tax	Tangible Property		
Barrington	\$6,478,976	\$19,206		391,531	\$6,133,578	\$83,638	\$6,627,953	\$148,977
Bristol	4,734,981	1,272,090		261,547	3,030,134	147,284	4,711,055	(23,926)
Burrillville	5,513,841	45,450		244,996	5,253,862	72,656	5,616,963	103,122
Central Falls	2,826,938	-	283,906	37,674	2,174,855	351,907	2,848,341	21,403
Charlestown	1,118,678	-		72,348	1,050,775	18,324	1,141,447	22,769
Coventry	7,430,108	-	1,581,883	287,078	6,109,142	365,715	8,343,817	913,709
Cranston	28,893,537	3,594,530		868,975	23,239,176	1,738,596	29,441,277	547,740
Cumberland	7,089,656	-		380,105	6,329,071	505,178	7,214,354	124,698
East Greenwich	4,126,790	961,042		159,711	2,516,966	546,636	4,184,355	57,565
East Providence	14,378,249	308,356	940,553	580,023	11,900,608	1,883,783	15,613,323	1,235,074
Exeter	2,398,565	-		71,746	2,321,474	53,418	2,446,638	48,073
Foster	1,822,668	-		46,500	1,710,560	100,687	1,857,747	35,079
Glocester	2,723,047	-		102,486	2,468,093	203,566	2,774,145	51,098
Hopkinton	1,888,497	-		48,019	1,686,123	189,737	1,923,879	35,382
Jamestown	792,228	-		126,271	659,787	23,473	809,531	17,303
Johnston	12,118,006	-		148,469	10,800,963	1,391,119	12,340,551	222,545
Lincoln	6,553,420	-		272,137	5,913,649	483,036	6,668,822	115,402
Little Compton	467,654	-		48,353	390,985	35,997	475,335	7,681
Middletown	2,493,347	-		185,911	2,052,672	300,020	2,538,603	45,256
Narragansett	2,159,665	-		241,179	1,906,052	77,223	2,224,454	64,789
Newport	4,579,511	1,526,284		516,294	2,321,474	304,205	4,668,257	88,746
New Shoreham	294,751	-		118,268	171,056	14,181	303,505	8,754
North Kingstown	6,182,144	55		379,508	5,595,974	329,980	6,305,517	123,373
North Providence	12,252,416	-	1,165,299	267,977	10,018,993	907,238	12,359,507	107,091
North Smithfield	5,027,719	-		103,383	4,569,638	449,370	5,122,391	94,672
Pawtucket	20,769,987	2,793	1,930,435	534,108	17,178,907	1,377,212	21,023,455	253,468
Portsmouth	2,780,837	-		146,003	2,516,966	168,858	2,831,828	50,991
Providence	90,430,003	37,144,858	7,781,883	2,722,742	35,530,769	6,101,330	89,281,583	(1,148,420)
Richmond	1,620,422	-		32,067	1,515,067	104,948	1,652,082	31,660
Scituate	2,305,263	-		151,782	2,052,672	146,895	2,351,349	46,086
Smithfield	10,247,065	1,802,349		388,647	7,379,843	1,331,050	10,901,889	654,824
South Kingstown	4,681,482	169,364		285,938	4,080,907	211,379	4,747,588	66,106
Tiverton	2,079,600	-		161,500	1,808,306	153,001	2,122,807	43,207
Warren	2,391,924	-		79,380	2,174,855	179,960	2,434,195	42,271
Warwick	31,533,887	1,756,150		946,468	26,293,747	3,080,934	32,077,299	543,412
Westerly	6,998,244	125,925		474,336	6,011,396	485,171	7,096,828	98,584
West Greenwich	1,603,466	-		78,603	1,392,884	163,578	1,635,065	31,599
West Warwick	8,155,008	-	1,198,229	240,910	5,913,649	829,938	8,182,726	27,718
Woonsocket	11,944,597	320,690	942,839	261,386	9,701,317	834,588	12,060,820	116,223
SRL ¹	1,169,541	-		-	-	-	-	(1,169,541)
ILG ²	81,264	-		81,550	-	-	81,550	286
LCA ³	2,115,628	-		2,097,515	-	-	2,097,515	(18,113)
Fire Districts	617,851	-		-	464,295	162,660	626,955	9,104
Total	\$345,871,460	\$49,049,142	\$15,825,026	\$14,643,424	\$244,341,241	\$25,908,469	\$349,767,302	\$3,895,840

¹SRL: Statewide Reference Library Resources Grant is included in Providence's Allotment

²ILG: Grant-in-Aid to Institutional Libraries

³LCA: Library Construction Aid

* According to budget documents the data used to determine the distribution of the Distressed Community Relief Fund state aid is from the 2024 Census. 2025 census data will be released in January 2026. The FY2027 final distribution amounts may change once the final Census data and total enacted statewide appropriation are known.

FY2027 Indirect Aid

Municipality	FY2026	Public Service	Hotel Tax	Meals and	Airport	FY2027 Budget	Change from
	Enacted	Corp. Tax		Beverage Tax	Impact Fees ¹		FY2026
							Enacted
Barrington	\$430,383	\$206,352	\$6,873	\$281,110	-	\$494,335	\$63,952
Bristol	1,201,108	269,103	161,100	801,378	-	1,231,580	30,472
Burrillville	514,262	195,861	516	294,898	-	491,276	(22,986)
Central Falls	617,116	271,080	1,170	320,579	-	592,829	(24,287)
Charlestown	526,481	96,671	268,683	259,064	-	624,418	97,937
Coventry	1,285,556	431,165	191,284	665,528	-	1,287,977	2,421
Cranston	4,184,768	996,394	60,192	3,203,509	-	4,260,095	75,327
Cumberland	1,279,526	438,798	1,655	779,299	-	1,219,752	(59,774)
East Greenwich	1,383,160	173,723	6,733	1,250,385	-	1,430,841	47,681
East Providence	2,270,623	566,374	126,558	1,679,317	-	2,372,249	101,626
Exeter	274,139	85,613	1,350	177,634	-	264,597	(9,542)
Foster	90,892	54,033	2,991	19,366	-	76,390	(14,502)
Glocester	282,293	121,390	5,064	152,845	-	279,299	(2,994)
Hopkinton	188,489	101,542	4,447	62,622	-	168,612	(19,877)
Jamestown	307,389	66,863	140,693	173,551	-	381,107	73,718
Johnston	1,568,353	356,428	27,126	1,201,332	-	1,584,886	16,533
Lincoln	1,729,578	272,166	393,528	1,110,953	25,034	1,801,680	72,102
Little Compton	168,025	43,422	94,956	56,254	-	194,632	26,607
Middletown	3,430,337	204,025	2,593,214	1,299,284	33,482	4,130,004	699,667
Narragansett	1,817,611	175,326	889,905	1,104,390	-	2,169,621	352,010
Newport	9,214,191	301,805	7,068,495	3,995,573	-	11,365,874	2,151,683
New Shoreham	1,947,477	9,996	1,782,646	623,945	44,684	2,461,271	513,794
North Kingstown	1,612,691	334,446	259,295	1,014,938	56,332	1,665,012	52,321
North Providence	1,228,862	409,255	5,602	840,835	-	1,255,693	26,831
North Smithfield	676,771	151,728	9,838	521,728	-	683,295	6,524
Pawtucket	2,589,203	907,742	176,210	1,476,912	-	2,560,864	(28,339)
Portsmouth	784,614	213,913	64,861	509,946	-	788,720	4,106
Providence	15,097,309	2,293,639	4,074,276	9,274,083	-	15,641,998	544,689
Richmond	400,790	97,756	101,734	267,594	-	467,084	66,294
Scituate	272,914	125,610	16,995	118,763	-	261,368	(11,546)
Smithfield	1,915,720	266,185	394,819	1,377,553	25,034	2,063,591	147,871
South Kingstown	2,224,279	385,923	651,746	1,354,785	-	2,392,454	168,175
Tiverton	718,649	196,066	15,363	502,337	-	713,766	(4,883)
Warren	752,157	134,304	6,077	638,133	-	778,514	26,357
Warwick	7,977,295	999,275	2,257,851	4,495,213	769,903	8,522,242	544,947
Westerly	3,412,062	281,173	2,337,721	1,528,633	55,567	4,203,094	791,032
West Greenwich	454,390	79,560	227,031	187,099	-	493,690	39,300
West Warwick	1,243,790	374,106	280,726	627,595	-	1,282,427	38,637
Woonsocket	1,531,942	519,395	105,599	894,003	-	1,518,998	(12,944)
Total	\$77,605,195	\$13,208,207	\$24,814,923	\$45,142,968	\$1,010,036	\$84,176,133	\$6,570,938

¹*FY2027 Airport Impact Aid is based on Calendar Year 2026 landing data that is made available in March 2027.

Final FY2027 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2027. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

Municipality	FY2026 Direct Aid							Change from FY2026
	FY2026 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund*	Library Aid	Motor Vehicle Excise Tax	Tangible Property	FY2026 Revised	
Barrington	\$6,478,976	\$18,467	-	\$363,559	\$6,013,312	\$83,638	\$6,478,976	-
Bristol	4,734,981	1,388,333	-	228,644	2,970,720	147,284	4,734,981	-
Burrillville	5,513,841	64,050	-	226,290	5,150,845	72,656	5,513,841	-
Central Falls	2,826,938	-	305,400	37,420	2,132,210	351,907	2,826,938	-
Charlestown	1,118,678	-	-	70,183	1,030,171	18,324	1,118,678	-
Coventry	7,430,108	-	804,459	270,579	5,989,355	365,715	7,430,108	-
Cranston	28,893,537	3,525,471	-	845,964	22,783,506	1,738,596	28,893,537	-
Cumberland	7,089,656	-	-	379,507	6,204,972	505,178	7,089,656	-
East Greenwich	4,126,790	961,042	-	151,498	2,467,614	546,636	4,126,790	-
East Providence	14,378,249	312,444	-	514,759	11,667,263	1,883,783	14,378,249	-
Exeter	2,398,565	-	-	69,192	2,275,955	53,418	2,398,565	-
Foster	1,822,668	-	-	44,961	1,677,019	100,687	1,822,668	-
Glocester	2,723,047	-	-	99,782	2,419,699	203,566	2,723,047	-
Hopkinton	1,888,497	-	-	45,698	1,653,062	189,737	1,888,497	-
Jamestown	792,228	-	-	121,905	646,850	23,473	792,228	-
Johnston	12,118,006	-	-	137,708	10,589,179	1,391,119	12,118,006	-
Lincoln	6,553,420	-	-	272,688	5,797,695	483,036	6,553,420	-
Little Compton	467,654	-	-	48,338	383,319	35,997	467,654	-
Middletown	2,493,347	-	-	180,903	2,012,423	300,020	2,493,347	-
Narragansett	2,159,665	-	-	213,764	1,868,679	77,223	2,159,665	-
Newport	4,579,511	1,483,160	-	516,192	2,275,955	304,205	4,579,511	-
New Shoreham	294,751	-	-	112,867	167,702	14,181	294,751	-
North Kingstown	6,182,144	51	-	365,865	5,486,249	329,980	6,182,144	-
North Providence	12,252,416	-	1,275,820	246,816	9,822,542	907,238	12,252,416	-
North Smithfield	5,027,719	-	-	98,311	4,480,037	449,370	5,027,719	-
Pawtucket	20,769,987	2,622	2,021,793	526,294	16,842,066	1,377,212	20,769,987	-
Portsmouth	2,780,837	-	-	144,364	2,467,614	168,858	2,780,837	-
Providence	90,430,003	39,807,256	8,185,589	1,501,739	34,834,087	6,101,330	90,430,003	-
Richmond	1,620,422	-	-	30,114	1,485,360	104,948	1,620,422	-
Scituate	2,305,263	-	-	145,945	2,012,423	146,895	2,305,263	-
Smithfield	10,247,065	1,298,117	-	382,758	7,235,141	1,331,050	10,247,065	-
South Kingstown	4,681,482	188,759	-	280,456	4,000,889	211,379	4,681,482	-
Tiverton	2,079,600	-	-	153,750	1,772,849	153,001	2,079,600	-
Warren	2,391,924	-	-	79,754	2,132,210	179,960	2,391,924	-
Warwick	31,533,887	1,746,777	-	927,993	25,778,183	3,080,934	31,533,887	-
Westerly	6,998,244	156,006	-	463,542	5,893,525	485,171	6,998,244	-
West Greenwich	1,603,466	-	-	74,315	1,365,573	163,578	1,603,466	-
West Warwick	8,155,008	-	1,295,536	231,839	5,797,695	829,938	8,155,008	-
Woonsocket	11,944,597	365,090	995,860	237,964	9,511,095	834,588	11,944,597	-
SRL ¹	1,169,541	-	-	1,169,541	-	-	1,169,541	-
ILG ²	81,264	-	-	81,264	-	-	81,264	-
LCA ³	2,115,628	-	-	2,115,628	-	-	2,115,628	-
Fire Districts	617,851	-	-	-	455,191	162,660	617,851	-
Total	\$345,871,460	\$51,317,647	\$14,884,458	\$14,210,650	\$239,550,236	\$25,908,469	\$345,871,460	-

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³LCA: Library Construction Aid

FY2026 Indirect Aid

Municipality	FY2026 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2026 Revised	Change from
							FY2026 Enacted
Barrington	\$430,383	\$244,996	\$5,387	\$269,263	-	\$519,646	\$89,263
Bristol	1,201,108	319,498	128,673	767,603	-	1,215,774	14,666
Burrillville	514,262	232,541	417	282,469	-	515,427	1,165
Central Falls	617,116	321,846	925	307,068	-	629,839	12,723
Charlestown	526,481	114,774	167,601	248,146	-	530,521	4,040
Coventry	1,285,556	511,910	152,380	637,479	-	1,301,769	16,213
Cranston	4,184,768	1,182,989	47,821	3,068,495	-	4,299,305	114,537
Cumberland	1,279,526	520,972	1,273	746,455	-	1,268,701	(10,825)
East Greenwich	1,383,160	206,256	5,299	1,197,687	-	1,409,242	26,082
East Providence	2,270,623	672,439	100,748	1,608,541	-	2,381,729	111,106
Exeter	274,139	101,646	1,072	170,147	-	272,866	(1,273)
Foster	90,892	64,152	2,375	18,550	-	85,077	(5,815)
Glocester	282,293	144,123	4,043	146,403	-	294,570	12,277
Hopkinton	188,489	120,558	3,611	59,983	-	184,152	(4,337)
Jamestown	307,389	79,384	95,032	166,236	-	340,652	33,263
Johnston	1,568,353	423,177	21,645	1,150,701	-	1,595,523	27,170
Lincoln	1,729,578	323,135	314,208	1,064,131	25,034	1,726,507	(3,071)
Little Compton	168,025	51,553	65,292	53,884	-	170,729	2,704
Middletown	3,430,337	242,233	2,058,686	1,244,525	33,482	3,578,925	148,588
Narragansett	1,817,611	208,160	620,520	1,057,845	-	1,886,525	68,914
Newport	9,214,191	358,324	5,495,573	3,827,178	-	9,681,075	466,884
New Shoreham	1,947,477	11,868	1,269,354	597,648	44,684	1,923,555	(23,922)
North Kingstown	1,612,691	397,079	201,141	972,163	56,332	1,626,714	14,023
North Providence	1,228,862	485,897	4,603	805,398	-	1,295,897	67,035
North Smithfield	676,771	180,143	7,859	499,740	-	687,742	10,971
Pawtucket	2,589,203	1,077,736	140,555	1,414,667	-	2,632,958	43,755
Portsmouth	784,614	253,972	51,009	488,454	-	793,435	8,821
Providence	15,097,309	2,723,172	3,175,562	8,883,221	-	14,781,955	(315,354)
Richmond	400,790	116,063	75,702	256,317	-	448,082	47,292
Scituate	272,914	149,134	13,538	113,758	-	276,429	3,515
Smithfield	1,915,720	316,034	314,764	1,319,495	25,034	1,975,327	59,607
South Kingstown	2,224,279	458,195	500,443	1,297,687	-	2,256,325	32,046
Tiverton	718,649	232,784	12,010	481,166	-	725,960	7,311
Warren	752,157	159,456	4,913	611,238	-	775,607	23,450
Warwick	7,977,295	1,186,411	1,799,078	4,305,759	769,903	8,061,152	83,857
Westerly	3,412,062	333,829	1,816,466	1,464,208	55,567	3,670,069	258,007
West Greenwich	454,390	94,459	180,951	179,213	-	454,624	234
West Warwick	1,243,790	444,165	223,755	601,144	-	1,269,064	25,274
Woonsocket	1,531,942	616,663	84,156	856,325	-	1,557,144	25,202
Total	\$77,605,195	\$15,681,726	\$19,168,441	\$43,240,390	\$1,010,036	\$79,100,593	\$1,495,398

¹*FY2026 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in March 2026.

Final FY2027 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2026. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

Education Aid

EDUCATION AID

The Budget includes an additional \$20.9 million to support the March 2026 enrollment update under current law with the student success factor weight at 43.0 percent for all districts, \$2.5 million to fully fund transportation, and \$1.0 million in additional career and technical education support.

Education Aid Funding Formula: In FY2027, the core amount is \$13,859 and enrollment used to calculate education aid is the March 2026 census. The core instruction amount provides a base level of funding per pupil derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES).

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. Article 8 of the FY2024 Budget as Enacted eliminated the Density Aid category. Article 8 of the FY2025 Budget as Enacted moved the English Learners categorical aid program into the funding formula distribution with a weight of 20.0 percent.

Categorical	Change from	Total
Transportation	\$2.5	\$15.0
Early Childhood	-	28.9
High-Cost Special Education	2.5	20.0
Career & Tech. Schools	1.0	5.5
Regionalization Bonus	-	-
Group Home Aid	0.0	3.6
Total	\$6.0	\$72.9

\$ in millions

- Transportation:** This fund provides funding to districts that use the statewide transportation contract for transporting students to out-of-district, non-public schools within the resident district's transportation region as defined by RIGL 16-21.1-2, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget fully funds this category at \$15.0 million in FY2027, an increase of \$2.5 million over the FY2026 Budget as Enacted.
- Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds are distributed through a request for proposals (RFP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. Provisory language in article 1 of the budget requires the Department to prioritize funding to four-year olds whose family

RI Pre-K Districts	Number of classrooms	Total seats	Low-	Percentage
			Income seats	Low-Income
Bristol-Warren	3	56	28	50.0%
Central Falls	9	163	152	93.3%
Coventry	4	76	38	50.0%
Cranston	14	256	128	50.0%
Exeter-West Greenwich	3	45	23	51.1%
East Providence	11	214	107	50.0%
Johnston	3	54	27	50.0%
Lincoln	3	56	28	50.0%
Middletown	4	76	38	50.0%
Newport	2	36	18	50.0%
North Kingstown	1	18	9	50.0%
North Providence	3	54	27	50.0%
Pawtucket	15	282	202	71.6%
Portsmouth	1	20	10	50.0%
Providence	39	720	619	86.0%
Smithfield	2	38	19	50.0%
South Kingstown	1	18	18	100.0%
Warwick	7	126	63	50.0%
West Warwick	5	90	45	50.0%
Westerly	3	56	37	66.1%
Woonsocket	20	360	300	83.3%
Statewide Total	153	2,814	1,936	68.8%

Source: Rhode Island Department of Education

income is at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low-performing schools. The Budget funds this category at \$28.9 million in FY2026, a decrease of \$1.0 million in general revenue to align with program costs. According to the Department, \$25.9 million of the funding supports seats in schools, while \$3.0 million provides support for professional development, technical assistance, early childhood mental health supports, and program monitoring including Bright Stars. The \$1.0 million removed from the fund was previously used to support infant and toddler programs in the Department of Human Services.

Article 10 of the FY2023 Budget as Enacted required the Department of Education (RIDE), the Department of Human Services, and the Children’s Cabinet to develop the [Rhode Island Pre-K expansion plan](#) to expand the Pre-K program to 5,000 seats over five years beginning in FY2024, including children ages three and four.

- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed four times the combined core instruction and student success factor funding (currently \$74,600 for FY2026). The FY2024 Budget as Enacted lowered this threshold from five times. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$20.0 million in FY2027, an increase of \$2.5 million over the FY2026 Budget as Enacted and \$5.4 million less than eligible reimbursements.
- **Central Falls Stabilization:** The Budget funds this category at \$11.7 million in FY2027, an increase of \$865,775 from the FY2026 Budget as Enacted.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2026, a decrease of \$2.0 million from the FY2025 Budget as Enacted.

Article 7 repeals the enabling statute for the Central Falls School District Board of Trustees, RIGL 16-2-34, effectively returning the district to local control. Beginning in FY2027, the City will contribute to the district the sum of 1.0 percent of the prior year total tax levy, the city’s prior year contribution, and \$500,000 from the school district’s fund balance in FY2027 reduced by \$50,000 annually until balance meets target end point. The article also enables the City to exceed the minimum tax levy under RIGL 44-5-2 as needed to meet its contribution obligations if certified by the Department of Revenue. A review of the funding requirements will be conducted by the City, the Division of Municipal Finance, and the Department of Elementary and Secondary Education by September 30, 2030, as preparation for the FY2032 budgeting process.

- **Davies Stabilization Fund:** Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget provides an increase of \$2.4 million (\$10.4 million in total stabilization funding) in FY2027. The increased support is largely due to transportation costs, which increased by \$817,832 in FY2026 and \$1.6 million in FY2027.
- **Met School Stabilization Fund:** Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget increases the stabilization fund by \$405,997 (\$3.6 million total) in FY2027. By adjusting the stabilization fund to offset any changes in the funding formula calculation, the Met School was level funded from FY2017 through FY2022. The increase is recommended to address rising operating costs, such as step increases, cost-of-living adjustments, instructional support, transportation, and healthcare costs.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **Group Homes:** The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount to \$17,000 annually per bed. Article 7 of the FY2026 Budget as Enacted eliminated the per-bed deduction of funding formula aid from the Group Home aid disbursement. Previously, depending on the district's share ratio, the \$17,000 per bed was adjusted downward by the state share of the core instruction amount. For example, a district with a state share ratio of 47.8 percent would receive \$17,000 minus $(0.478 * \$18,651)$, leaving \$8,092 per bed. The article eliminated this adjustment, increasing group home aid to districts by \$2.1 million in FY2026. The FY2027 Budget includes \$3.6 million to fund group home beds, \$34,000 more than the FY2026 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district.

Article 7 of the FY2026 Budget as Enacted eliminated the group home aid paid to East Providence for beds associated with the Bradley Hospital CRAFT Program and provided that the student's school district of origin will be responsible for providing education services to students in those beds. This change reduced group home aid to East Providence by \$468,000 in FY2026.

Based on the final January 15, 2026, report from the Department of Children, Youth, and Families, the FY2026 Revised Budget increases by 2 beds and \$34,000.

The following table shows the education aid including the formula distribution, categorical aid, and group home aid.

FY2027 Education Aid ¹									
District	FY2026 Enacted (excludes group home and categoricals)	FY2027 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$79,273)	Group Home Aid ²	Stabilization Funding	FY2027 Aid
Barrington	\$9,906,027	\$1,839,818	\$107,644	(\$0)	\$259,132	\$907,140	\$0	\$0	\$13,019,762
Burrillville	13,506,736	(143,011)	231,050	144,546	87,989	444,201	-	-	14,271,511
Charlestown	1,437,860	(39,809)	33,364	44,545	-	-	-	-	1,475,960
Coventry	28,316,948	1,020,977	579,147	-	238,807	862,375	\$136,000	-	31,154,253
Cranston	79,947,152	1,898,374	447,029	-	1,089,226	1,523,537	-	-	84,905,317
Cumberland	28,228,353	2,090,909	10,369	-	109,414	240,792	-	-	30,679,838
East Greenwich	4,506,248	610,988	77,878	-	84,964	781,846	-	-	6,061,924
East Providence	39,321,148	1,285,872	342,489	-	347,691	1,151,116	289,000	-	42,737,316
Foster	1,215,818	103,055	36,635	-	16,774	32,876	-	-	1,405,158
Glocester	2,961,445	35,149	37,526	-	42,049	126,365	-	-	3,202,534
Hopkinton	7,176,966	1,050,120	37,158	-	-	-	-	-	8,264,244
Jamestown	372,348	(17,745)	9,286	10,585	54,702	128,805	-	-	557,981
Johnston	24,128,236	1,449,361	75,159	(0)	285,823	1,223,688	-	-	27,162,267
Lincoln	20,891,647	(1,278,306)	222,319	884,436	279,538	234,751	136,000	-	21,370,384
Little Compton	302,814	113,877	9,706	-	-	-	-	-	426,398
Middletown	6,152,386	(708,981)	156,083	396,641	-	520,512	-	-	6,516,641
Narragansett	1,728,633	142,113	62,015	-	-	226,694	-	-	2,159,454
Newport	14,239,269	566,480	347,450	-	-	407,301	119,000	-	15,679,500
New Shoreham	96,190	101,373	2,804	-	-	-	-	-	200,367
North Kingstown	12,506,815	821,795	39,707	-	325,147	98,413	-	-	13,791,876
North Providence	30,424,725	1,326,435	252,941	-	261,800	843,496	136,000	-	33,245,398
North Smithfield	9,237,556	(938,872)	49,013	663,706	37,910	152,832	68,000	-	9,270,145
Pawtucket	110,615,318	3,074,573	2,087,351	-	309,233	1,700,758	340,000	-	118,127,233
Portsmouth	2,806,429	160,301	29,539	-	-	326,321	510,000	-	3,832,589
Providence	297,521,286	5,682,967	2,125,053	-	934,158	1,998,965	1,020,000	-	309,282,429
Richmond	6,207,775	(514,425)	61,201	354,386	-	-	-	-	6,108,937
Scituate	4,299,021	(692,418)	40,745	381,742	73,923	75,234	-	-	4,178,248
Smithfield	10,587,119	1,061,940	165,723	-	92,046	124,941	85,000	-	12,116,770
South Kingstown	5,062,521	(83,392)	94,461	97,410	169,152	233,026	-	-	5,573,179
Tiverton	5,310,972	(242,061)	89,535	133,237	-	740,142	-	-	6,031,825
Warwick	48,586,276	2,602,994	446,317	-	66,227	1,077,628	408,000	-	53,187,442
Westerly	8,148,033	(174,703)	265,197	-	-	435,241	-	-	8,673,768
West Warwick	42,094,167	1,365,793	770,464	-	139,470	461,599	-	-	44,831,493
Woonsocket	88,120,161	281,080	1,863,954	-	-	432,063	-	-	90,697,258
Bristol-Warren ³	10,652,150	(181,671)	216,939	103,608	2,980,018	1,042,237	170,000	-	14,983,281
Exeter-West Greenwich ³	7,123,365	(626,035)	31,109	437,915	2,050,241	709,429	153,000	-	9,879,025
Chariho	-	-	-	-	3,552,733	275,231	-	-	3,827,964
Foster-Glocester ³	5,299,561	437,211	103,906	(0)	1,004,207	202,921	-	-	7,047,806
Central Falls	43,351,250	(1,275,774)	1,478,879	-	62,532	120,206	-	11,691,949	55,429,042
District Total	\$1,032,390,727	\$22,206,352	\$13,037,146	\$3,652,757	\$14,954,906	\$19,862,682	\$3,570,000	\$11,691,949	\$1,121,366,519
Charter School Total	195,233,633	13,266,074	-	-	-	137,318	-	-	208,637,026
Davies	10,600,553	135,732	-	-	-	-	-	10,357,620	21,093,905
Met School	9,793,682	1,625,640	-	-	-	-	-	3,579,241	14,998,564
Nowell Academy	2,664,112	(136,055)	-	-	-	-	-	-	2,528,057
Urban Collaborative	2,296,446	(2,296,446)	-	-	-	-	-	-	0
Youth Build Academy	1,818,245	446,257	-	-	-	-	-	-	2,264,502
Total	\$1,254,797,399	\$35,247,553	\$13,037,146	\$3,652,757	\$14,954,906	\$20,000,000	\$3,570,000	\$25,628,810	\$1,370,888,572

¹ Based on March 2026 enrollment updated for projected PSOC.

² Based on final 1/15/2026 report from the Department of Children, Youth and Families. In the FY2026 Revised Budget, a total of 2 beds were added in Providence relative to the enacted level and carried into FY2027.

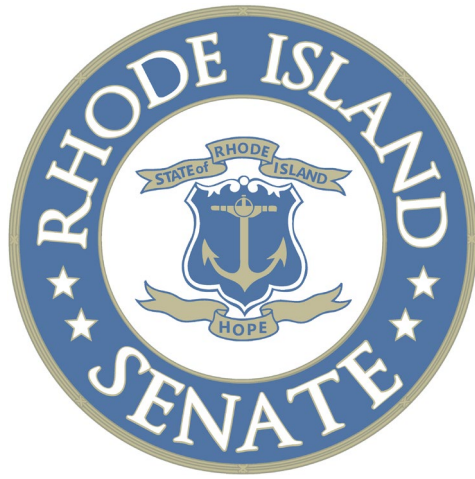
³ Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.

The following table shows the House Finance Committee change relative to the Governor's FY2027 education aid recommendation, as published on January 15, 2026, and the FY2026 Budget as Enacted.

**House Finance Committee Change to Governor's FY2027
Recommendation and FY2026 Budget as Enacted**

LEA	Change to Governor (1/15/2026)	Change to FY2026 Budget as Enacted
Barrington	\$149,824	\$1,367,364
Burrillville	124,541	182,944
Charlestown	18,652	(40,778)
Coventry	368,945	1,661,150
Cranston	65,239	1,875,662
Cumberland	95,907	2,216,844
East Greenwich	34,511	(238,061)
East Providence	783,780	2,109,232
Foster	17,149	133,949
Glocester	67,130	21,344
Hopkinton	56,673	1,058,264
Jamestown	16,432	(23,076)
Johnston	537,391	1,714,303
Lincoln	235,488	(54,575)
Little Compton	9,701	104,808
Middletown	15,148	(245,562)
Narragansett	(17,612)	237,008
Newport	105,221	346,480
New Shoreham	376	101,861
North Kingstown	148,565	404,114
North Providence	657,126	1,629,144
North Smithfield	(100,448)	(292,058)
Pawtucket	2,186,090	4,804,715
Portsmouth	13,556	138,129
Providence	5,634,448	3,624,914
Richmond	33,504	(297,561)
Scituate	43,543	(272,768)
Smithfield	148,328	1,148,878
South Kingstown	95,381	(362,546)
Tiverton	56,414	54,154
Warwick	610,220	3,075,080
Westerly	84,512	(87,933)
West Warwick	795,743	2,007,977
Woonsocket	2,019,828	1,191,945
Bristol-Warren	365,010	98,253
Exeter-West Greenwich	183,945	271,762
Chariho	381,252	387,699
Foster-Glocester	89,683	433,042
Central Falls	1,581,514	660,962
Subtotal District Aid	\$17,712,712	\$31,147,063
Charter School Total	6,858,698	13,364,569
Davies	11,148	2,561,753
Met School	329,235	2,031,637
Nowell Academy	128,537	(136,055)
Urban Collaborative	(1,949,354)	(2,296,446)
Youth Build Academy	301,971	446,257
Total	\$23,392,946	\$47,118,778

Source: Rhode Island Department of Education



ARTICLES

Articles

ARTICLE 1: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY2027

This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also makes the following changes:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,995.2 FTE positions reflecting a net increase of 73.4 FTE positions, as compared to the authorized level set in the FY2026 Budget as Enacted. It maintains the University of Rhode Island in the FTE cap.
- Details Community Service Objective grant funding recipients and amounts.
- Establishes the Office of the Inspector General, creating a new, independent agency.
- Provides \$600,000 in general revenue to the Governor’s Workforce Board for enhanced training for direct care and support services staff to improve resident quality of care to address the changing health care needs of nursing facility residents.
- The Budget adds \$900,000 in general revenue for Mobile Response and Stabilization Services (MRSS) to support uninsured and underinsured recipients, and cover costs not reimbursed by Medicaid or other insurers. The MRSS program provides immediate in-person support for children ages 2 through 21 experiencing behavioral or emotional distress. The MRSS team responds to the child’s location to de-escalate situations, stabilize individuals, and connect them with ongoing care.
- Includes \$1.6 million for the Newport Birthing Center.
- Provides \$760,000 in general revenue to support the Family Service of Rhode Island’s GO Team program of on-scene support to children who are victims of violence and traumas.
- Provides language requiring that sufficient funds from the Rhode Island Public Transit Authority’s share of gasoline tax proceeds be allocated to maintain the state paratransit expansion program, Ride Anywhere.
- Provides that \$2.0 million in general revenues is solely to be used for infrastructure and capacity building activities necessary for the Department of Children, Youth, and Families transition to an independent rate model for Medicaid direct billing.
- Requires the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals to provide a monthly report on the hospital census by campus as well as the number of patients.
- Requires the Executive Office of Health and Human Services to report on programs supported by the Rural Health Transformation Program federal funds. Commencing January 1, 2027, the report will be made on a quarterly basis identifying the separate programs, progress made on reaching goals and identifying issues that are at risk of underspending or in noncompliance with federal requirements. The report will be provided to the Senate President, Speaker of the House and to the Chairpersons of the Senate and House Finance Committees.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2028. In addition, the Office of the Postsecondary Commissioner shall provide \$8.1 million to the Rhode Island Promise Scholarship program, \$7.1 million to the Rhode Island Hope Scholarship Program, \$455,000 to support the Onward We Learn, \$100,000 to the Rhode Island School for Progressive Education, \$151,410 to support the State’s membership in the New England Board of Higher Education, and \$75,000 to Best Buddies Rhode Island.

- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million. It requires the Judiciary to provide \$500,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and on the amount of funding provided to the program.
- Clarifies that the federal funds do not include the federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. Requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2028 and made available for the same purposes.
- Extends the quarterly reporting period to October 31, 2026, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements. The reports are provided to the Senate President and the Speaker of the House, and to the chairpersons of the House and Senate Finance Committees. Commencing with the report due on April 30, 2025, the report will be made on a biannual basis until October 31, 2026. The report must include an assessment on how programs that are at risk can be remedied.
- In the event that any state fiscal recovery fund program underspends its appropriation or receives program income as defined by U.S. Treasury and that would put the state at risk of forfeiture of federal funds, the Governor may propose to reclassify funding from the at-risk program to other eligible uses as determined by U.S. Treasury. This proposal shall will be referred to the General Assembly. If the amount of underspend and/or receipt of program income for a state fiscal recovery fund program is less than or equal to \$1.0 million and less than or equal to 20.0 percent of its total appropriation, the Governor's proposed reclassification shall take effect immediately. If the amount of underspend and/or receipt of program income for a state fiscal recovery fund program is greater than \$1.0 million or 20.0 percent of its total appropriation, the Governor's proposed reclassification shall go into effect thirty days hence after its referral to the General Assembly by the Governor, unless rejected by formal action of the House and Senate acting concurrently within that time.
- Includes the appropriation mechanism necessary for incremental tax revenues collected from State economic activity taxes generated in Pawtucket's Downtown Redevelopment district to be made available to the City. Legislation enacted in 2019 established several geographical districts within downtown Pawtucket that would constitute the City of Pawtucket's Downtown Redevelopment project. Any incremental tax revenues generated in these districts related to new economic development are to be made available to the City once an agreement is made between City and the State. This agreement was entered into in December 2020. Since the passage of the legislation, the Commerce Corporation has been certifying these revenues and the Division of Taxation has segregated them into their own account. The language makes the formal appropriation in the Budget to disburse the funds to the City of Pawtucket.

ARTICLE 2: RELATING TO STATE FUNDS

This article amends various statutes related to state funds and financing, including revising the allocation of Regional Greenhouse Gas Initiative (RGGI) auction proceeds, exempting the Uninsured Protection Fund

(UPF) from the 15.0 percent indirect cost recovery fee, and revising the allocation of the Rhode Island Highway Maintenance Account (HMA) receipts. Specifically, the article:

- **RGGI Auction Proceeds to RIPTA:** Section 1 amends RIGL 23-82-6 to provide Regional Greenhouse Gas Initiative (RGGI) auction proceeds to be allocated to the Rhode Island Public Transit Authority (RIPTA) to support the acquisition of zero-emission buses with zero tailpipe emissions, beginning in FY2027. The article directs the Office of Energy Resources to coordinate annually with RIPTA to determine the state match required for the purchase of zero-emission buses. The legislation requires the Office of Energy Resources to provide the Authority with auction proceeds equal to 50.0 percent of the state match and directs RIPTA to utilize internal funds for the remaining 50.0 percent.
- **Indirect Cost Recovery Exemption:** Section 2 amends RIGL 35-4-27 to retroactively exempt the Rhode Island Uninsured Protection Fund from the 15.0 percent indirect cost recovery assessment, effective July 1, 2025. The Uninsured Protection Fund (UPF), administered by the Department of Labor and Training, provides workers' compensation benefits to employees who were injured while working for an employer that failed to carry valid workers' compensation insurance. The Office of Management and Budget (OMB) indicates that exempting the UPF from the assessment will not have a fiscal impact as it is a technical revision. This initiative was included in the Governor's FY2027 Recommended Budget.
- **HMA Receipts to RIPTA:** Section 3 amends RIGL 39-18.1-5 to revise the allocation of Rhode Island Highway Maintenance Account (HMA) receipts by increasing the share provided to the Rhode Island Public Transit Authority (RIPTA). The legislation directs 25.0 percent of available HMA proceeds to RIPTA, effective in FY2027 and annually thereafter. Current law provides the Authority with 10.0 percent of available proceeds in addition to a fixed transfer of \$5.0 million. The Office of Revenue Analysis' May 2026 HMA projections indicate the account will collect \$129.1 million in FY2027. The following table compares the HMA receipt allocations provided under current law, recommended by the Governor, and included in the Budget.

HMA Allocation	Current Law	Governor	Budget
5% Share to General Revenue	\$6,456,250	\$6,456,250	\$6,456,250
Fixed Share to RIPTA	5,000,000	14,300,000	-
Percentage Share to RIPTA	12,266,875	12,266,875	30,667,188
Share to RIDOT	105,401,878	96,101,878	92,001,565
HMA Total	\$129,125,004	\$129,125,004	\$129,125,004

Source: Office of Revenue Analysis, May 2026

ARTICLE 3: RELATING TO GOVERNMENT REFORM AND REORGANIZATION

This article makes several changes to the organization of state government. Specifically, the article:

- **Office of the Inspector General:** Establishes a new Office of Inspector General with the purpose of investigating the management and operation of agencies as it relates to prevention and detection of fraud, waste, abuse, and mismanagement in the expenditure of public funds that harms the public interest.
 - **Establishment of the Office:** Section 1 of the article provides the statutory framework of the new office, including the parameters of its jurisdiction relative to the Attorney General, law enforcement and the Auditor General. The section establishes the position of Inspector General (IG) within statute, provides for a process of how the IG is to be selected and appointed and the position's qualifications, directs the General Assembly to appropriate sufficient funding to operate the office, permits the IG to hire staff and outlines their qualifications. The section authorizes the IG to promulgate rules and regulations and to develop and submit a budget.

- **Appointment and Qualifications:** The article establishes an independent advisory commission consisting of the Attorney General, General Treasurer, Secretary of State, Executive Director of the Ethics Commission, and the President of the Association of Inspectors General (AIG). The commission is directed to create a process to select an IG including application, interviews, and evaluations. The legislation is silent about who chairs the commission and who calls the initial meeting of the group.

The commission submits three qualified candidates to the Governor for consideration. A qualified candidate must have a college degree in certain specified fields, ten years of professional experience in specified fields, and hold a certificate issued by the AIG. The Governor has 90 days to submit the chosen appointment to the Senate for its advice and consent. An IG serves for a five-year term and is limited to two terms. The Governor may remove an IG for cause.

- **Jurisdiction/Powers & Duties:** The article authorizes the IG to investigate for incidence of fraud, waste, or abuse in all Executive branch state government agencies including all authorities, boards, branch, bureau, commission, committee, council, department, division, institution, office, public corporation, or quasi-agency. The IG is permitted to assist municipalities upon receipt of a formal council resolution requesting the assistance. The IG is charged with initiating investigations, formally reporting findings, working with agencies to improve the prevention of fraud, waste, or abuse. The article requires the IG to establish a process to receive complaints and to protect whistleblowers.
- **Investigative Procedures and IG Decisions:** The article outlines the investigative procedures expected of the IG. This includes how complaints are processed and what occurs during an investigation and after they are completed. The IG is authorized to issue a formal decision at the conclusion of an investigation and is directed to formally report its findings. The article outlines referral processes to other law enforcement agencies, including the Attorney General, should the facts require it.
- **Subpoena Power and Access to Records:** The article provides the IG with the power to subpoena individuals related to investigations and to question individuals under oath. The IG is also authorized to have access to all relevant agency records and requires agencies to cooperate with all investigations.
- **Reporting:** In addition to the required reporting associated with investigations, the article directs the IG to report annually to the state's general officers, the Speaker of the House, and the Senate President. This report includes information regarding the number of investigations conducted the previous year, their disposition, summaries of corrective actions and their status, and monies recovered. The report is due April 1st each year.
- **FY2027 Budget:** The Budget provides \$1.3 million for personnel and operating expenditures in FY2027 for the Office of Inspector General for what is anticipated to be half a year of operations. It also authorizes 12.0 FTE positions.
- **Rhode Island Public Transit Authority – Board Composition:** Amends RIGL 39-18-2 and revises the composition of the Board of Directors for the Rhode Island Public Transit Authority (RIPTA). Specifically, the legislation rescinds the requirement that the Director of the Department of Transportation serve as RIPTA's Chairperson and prohibits it going forward. It further authorizes the Board to elect the Chairperson amongst themselves.
- **Department of Transportation Efficiency and Performance Audit:** Amends RIGL 42-13.2 and directs the Office of Internal Audit and Program Integrity to commission an efficiency and performance audit of the Department of Transportation (DOT) by January 1, 2027. The audit will evaluate the Department's asset management ability. This includes the status of pavement, bridges, and intelligent

transportation systems assets, backlog replacement needs, and lifecycle cost analysis. It will also review the Department's maintenance and operations efficiency, with evaluation areas including the cost per lane-mile per district, salt and chemical usage, vehicle and equipment availability, and overtime utilization. The legislation requires the Office of Internal Audit and Program Integrity to deliver the report to the Governor, President of the Senate, Speaker of the House of Representatives, and Chairs of the House and Senate Finance Committees, as well as publish the report on the Department of Administration's website.

- **Electronic Permitting:** Amends reporting requirements regarding the Department of Business Regulation's (DBR) E-Permitting platform. The article requires the Department to provide a report that reviews, analyzes and assesses functions related to e-permitting and the platform, as well as suggested statutory revisions such as clarification of permitting statutes, ensuring efficient administration, and aligning fees with programmatic costs. The report will be submitted with the Department's annual budget submission to the Office of Management and Budget (OMB) for the fiscal year ending June 30, 2027.
- **Big River Management Area:** Transfers administrative and regulatory authority over the Big River Reservoir lands from the Water Resources Board (WRB) to the Department of Environmental Management (DEM). Language is included to clarify that the transfer does not affect the WRB's authority over freshwater resource management as provided in RIGL 46-15, entitled "Water Resources Management", and 46-15.1, entitled "Water Supply Facilities".
- **State Police Officers Retirement:** Amends the pension benefits for both current and former Rhode Island State Police members by increasing the maximum retirement allowance and permitting additional percentage accruals for years of service beyond base thresholds, subject to a cap of 65.0 percent of whole salary. It would also provide for the prospective recalculation of benefits for retirees who retired on or after July 1, 2024, and prior to July 1, 2026, retroactive to their date of retirement to reflect the updated retirement formula without retroactive adjustments prior to July 1, 2024. Additionally, this act would extend the time period a member may serve in the Rhode Island State Police.
- **Economic Development Incentive Changes:** Reauthorize the Executive Office of Commerce's (EOC) various incentive programs for an additional year, by extending the statutory sunset provisions placed on them from December 31, 2026, to December 31, 2027. The Incentive programs are:
 - Rebuild Rhode Island Tax Credit Act RIGL 42-64.20
 - Rhode Island Tax Increment Financing RIGL 42-64.21-9
 - Tax Stabilization Incentive RIGL 42-64.22-15
 - First Wave Closing Fund Act RIGL 42-64.23-8
 - I-195 Redevelopment Project Fund Act RIGL 42-64.24-8
 - Stay Invested in RI Wavemaker Fellowships RIGL 42-64.26-12
 - Main Street Rhode Island Streetscape Improvement Fund RIGL 42-64.27-6
 - Innovation Initiative RIGL 42-64.28-10
 - Rhode Island New Qualified Jobs Incentive Act RIGL 44-48.3-14
- **Rhode Island Bays, Rivers and Watersheds Fund, and Freshwater Management:** Amends RIGL 46-33-1 repealing language referencing a nonexistent Rhode Island lake management fund and adds language to the Freshwater Lake Management Program under RIGL 46-33-2, authorizing the use of sums allocated by the General Assembly from the Fund for use in providing financial assistance for lake management.

In addition, the article amends RIGL 46-31.1, regarding the legislative findings section of the Bays, Rivers and Watersheds Fund's authorizing statute, to include lakes and add a definition for the terms lake and pond. The article adds language authorizing the use of the Bays, Rivers and Watersheds Fund to support the Freshwater Lake Management Program.

ARTICLE 4: RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS

This article amends existing debt authorizations and proposes new authorizations for revenue that do not require voter approval, also known as a Kushner Resolution. The authorizations provided include the following:

- **Rhode Island College – Residential Life Renovations:** The article approves financing of up to \$20.6 million for the renovation of five residence halls. The project addresses critical infrastructure improvements that will enhance the on-campus experience for the resident students. Debt service payments will be supported by revenue derived from the College's residential life auxiliary student fees. Total debt will not exceed \$36.5 million over a 20-year term.
- **University of Rhode Island – Repaving Hardscape Improvements:** The article approves financing of up to \$20.0 million to support the re-pavement and reconstruction of major parking facilities, roadways, walkways, and associated infrastructure on the University's Kingston, Narragansett Bay, and Alton Jones campuses. Total debt service repayments will not exceed \$34.9 million over a 20-year term.
- **University of Rhode Island – Automotive and Administrative Services:** The article approves financing for up to \$14.4 million to support proper working space for automotive services and new space for mail and printing services by building an addition to the central warehouse for mail/printing and providing a new automotive repair building to replace the existing one. Total debt service repayments will not exceed \$25.2 million over a 20-year term.

ARTICLE 5: RELATING TO CAPITAL DEVELOPMENT PROGRAM

This article authorizes the issuance of and outlines terms and processes for various general obligation bonds, totaling \$600.0 million, to be placed on the ballot for voter approval in November 2026. The projects are broken down into the following six questions.

Article 5: Relating to Capital Development Program	Governor	HFC
Higher Education Facilities	\$215.0	\$275.0
<i>Bond URI Integrated Health Building</i>	105.0	165.0
<i>RIC Adams Library</i>	50.0	50.0
<i>CCRI Workforce Innovation Center</i>	60.0	60.0
Housing and Community Development	\$120.0	\$120.0
Economic Development	\$115.0	\$100.0
<i>Site Development</i>	70.0	55.0
<i>Growth Industry Infrastructure</i>	45.0	45.0
Career and Technical Education	\$50.0	-
Green Economy Bonds	\$50.0	\$55.0
<i>Brownfields Remediation</i>	3.0	3.0
<i>Facility Improvements</i>	8.0	12.0
<i>Local Recreation Grants</i>	1.0	1.0
<i>Marine Infrastructure Development</i>	1.0	1.0
<i>Resilient Rhody Infrastructure Fund</i>	20.0	25.0
<i>Narragansett Bay Watershed Restoration</i>	7.0	7.0
<i>Energy Efficiency</i>	10.0	-
<i>Agriculture Land Preservation</i>	-	3.0
<i>Open Space Program</i>	-	3.0
Cultural Economy	\$50.0	\$50.0
<i>State History Center</i>	45.0	45.0
<i>State Preservation Grants Program</i>	5.0	5.0
Total	\$600.0	\$600.0

\$ in millions

- **Question 1 Higher Education Facilities:** Approval of this question would allow the issuance of \$275.0 million in general obligation bonds to support projects constructing or improving higher educational facilities including:
 - **University of Rhode Island Integrated Health Building:** \$165.0 million for the construction of the new integrated health building on the University’s Kingston campus to advance health education, clinical training, and workforce development.
 - **Rhode Island College Adams Library:** \$50.0 million for the construction of a student success and career readiness center, in addition to renovations at Adams Library.
 - **Community College of Rhode Island Workforce Innovation Center:** \$60.0 million to construct a new workforce innovation center, which will support workforce readiness and address critical workforce shortages, located at the colleges Knight Campus in Warwick.
- **Question 2: Housing and Community Development:** Approval of this question would allow the issuance of \$120.0 million in general obligation bonds to support community revitalization, increase production and infrastructure for affordable and middle-income housing, and promote home ownership. At least \$25.0 million is reserved for the development of housing designated for home ownership, and up to \$10.0 million may be used to support public housing development.
- **Question 3: Economic Development:** Approval of this question would allow the issuance of \$100.0 million in general obligation bonds for economic development initiatives including:
 - **Site Development:** \$55.0 million for land acquisition, remediation, infrastructure and utility construction, and industrial site preparation and development. Eligible uses include but are not limited to large scale industrial development within Quonset Business Park and the I-195 District.

- **Growth Industry Infrastructure:** \$45.0 million for infrastructure, projects, and investments in Rhode Island’s ocean, defense, life sciences, data analytics, and related industries. Eligible uses include but are not limited to facilities and projects that advance business and job growth in the life sciences.
- **Question 4 Cultural Economy:** Approval of this question would allow the issuance of \$50.0 million in Cultural Economy bonds to be allocated as follows:
 - **State History Center (\$45.0 million general obligation):** \$45.0 million for the construction of a new State History Center. The State History will include exhibit and meeting space as well as storing the State’s most valuable documents.
 - **State Preservation Grants Program (\$5.0 million general obligation):** \$5.0 million in general obligation bonds for the State Preservation Grant Program. The State Preservation Grant Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites.
- **Question 5 Green Economy Bonds:** Approval of this question would allow the issuance of a \$55.0 million bond supporting green economy initiatives including:
 - **Brownfields Remediation:** \$3.0 million for matching grants to public, private, and non-profits organization for brownfield remediation.
 - **Facility Improvements:** \$12.0 million for the renovation, repair, development and construction of new and existing facilities and parks.
 - **Local Recreation Grants:** \$1.0 million for matching grants to municipalities to acquire, develop, or rehabilitate local recreational facilities.
 - **Marine Infrastructure Development:** \$1.0 million to provide asset protection and emergency repair for recreational, office, and marine infrastructure.
 - **Resilient Rhody Infrastructure Fund:** \$25.0 million to provide financial assistance to local governments for restoring and improving resiliency infrastructure, vulnerable habitats, and restoring rivers and stream floodplains.
 - **Narragansett Bay Watershed Restoration:** \$7.0 million to restore and protect the water quality and enhance the economic viability and environmental sustainability of Narragansett Bay and the State’s watersheds.
 - **Energy Efficiency:** The House Finance Committee removed this portion from the referendum.
 - **Agriculture Land Preservation:** \$3.0 million to the Agriculture Land Preservation Commission for farmland protection
 - **Open Space Program:** \$3.0 million to the Department of Environmental Management (DEM) to allow the State to acquire fee simple interest or conservation easements to open space, watershed, and recreational land.

ARTICLE 6: RELATING TO TAXES AND FEES

This article establishes a new high-earner surtax, expands to current social security income modification, provides for a refundable child tax credit, makes certain changes to tobacco-related license regulations, and makes several other additional tax changes. Specifically, the article:

New High-Income Surtax: Phases-in a new high-income surtax beginning tax year 2027 that taxes income over \$1.0 million at an additional 1.0 percent per year over three years, resulting in an 8.99 percent final rate for TY2029 and beyond. The current uniform personal income tax brackets for tax year 2026 are:

For Tax Year 2026

Income Between...	Is Taxed at...
\$0 and \$82,050	3.75%
\$82,050 and \$186,450	4.75%
\$186,450 and above	5.99%

- **Pass-through Entity Changes:** Section 2 of the article amends RIGL 44-11-3(a)(2) by modifying the rate, beginning in tax year 2027, that a pass-through entity (PTE) is subject to when members elect to pay their tax liability at the entity level as opposed to their personal income tax. The rate remains 5.99 percent on income up to \$1.0 million, above which is then subject to the phased-in value of the high-income surtax.

A PTE is a type of business organization that does not pay corporation taxes but rather passes income on to its owners who claim it as personal income for federal and state tax purposes. Examples of PTEs are S corporations (S-Corp) and limited liability companies (LLC).

Analyst Note: In 2020, Rhode Island enacted legislation allowing PTE owners to choose whether to pay state tax liability at the individual level or the business entity level (at a rate of 5.99 percent). This was done in response to new federal tax policy beginning in tax year 2018, that limited the amount of itemized state and local taxes deductions (SALT) that PTE owners could claim to \$10,000. This cap has since been raised to \$40,000. Providing this option allows PTEs with larger SALT liabilities to determine the most advantageous way for them to file either at the individual level or the business entity level.

The proposal is estimated to generate an additional \$22.1 million in FY2027.

Social Security Income Modification Expansion: Expands the current personal income tax modification for social security. Rhode Island is one of eight states that taxes social security income to some degree. The State does exempt all social security income from personal income taxation under very specific circumstances. To be eligible for the exemption, a taxpayer must have:

- Federal adjusted gross income that includes federally taxable income from Social Security.
- Reached “full retirement age” as defined by the Social Security Administration.
- Federal adjusted gross income that is below a certain amount (see following table).

Social Security Modification - Income Limit	
Single	\$107,000
Married Filing Jointly	133,750
Head of Household	107,000
Married Filing Separately	107,000

If the taxpayer does not meet the above criteria, then social security income is taxed at the state level.

- **Article 6 Changes:** The article expands the current social security modification by eliminating the “full retirement age” eligibility requirement. This is estimated to benefit 9,200 resident and 1,900 non-resident filers” and reduce revenue by \$3.0 million in FY2027 based on a January 1, 2027, start date.

The article also provides for a distinct annual inflation adjustment on income eligibility thresholds for the state’s pension and annuity personal income tax medication. Under current law, the inflation adjustment for this modification is accomplished by statutory reference to the social security personal income tax modification’s inflation adjustment calculation.

Refundable Child Tax Credit: The article establishes a new \$330 per child refundable tax credit (CTC) for certain eligible taxpayers to be used to offset personal income taxes or, in certain circumstances, increase personal income. The credit is for Rhode Island resident taxpayers with dependents 18 years old or younger

with a federal adjusted income (AGI) of less than \$100,000 if filing individually, married but filing separately, as head of household, or as a qualifying widow or widower; or with an AGI of less than \$125,000 if married and filing jointly. The credit phases out starting at AGI income of \$88,500 and \$110,640 respectively for the two categories of filers described above. The new credit and the income limits would be adjusted annually for inflation.

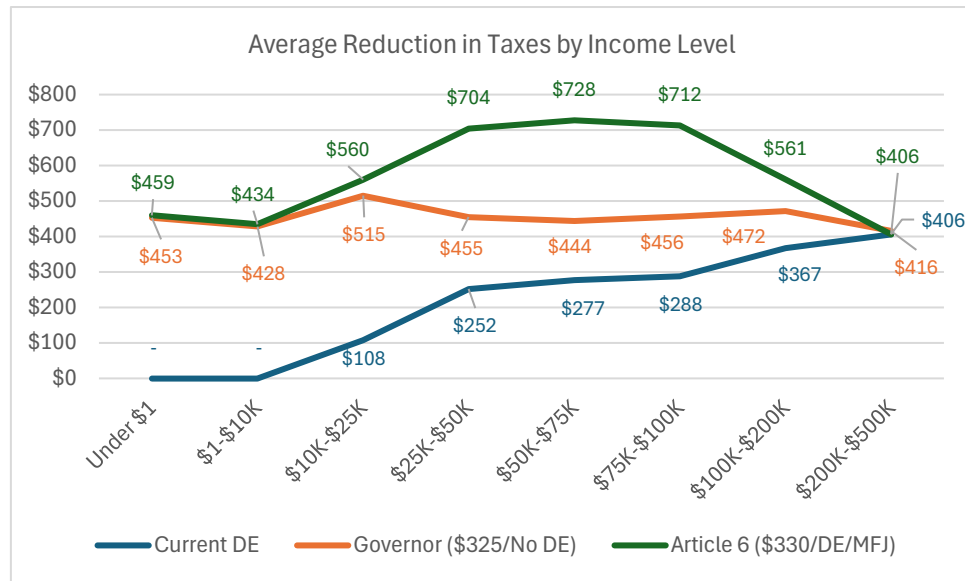
- **Refundability:** The credit is fully refundable, meaning that it reduces tax liability dollar for dollar and results in refund payments even if the filer’s tax liability is zero.
- **Taxpayer Impact:** Child tax credits and other income enhancing tax policies are frequently cited as effective methods of reducing the incidence of child poverty and its related complications. According to Vanderbilt University’s Prenatal-to-3 Policy Impact Center, [research and evidence](#) supporting this is primarily around the federal child tax credit with increasingly more emerging around state policies.
- **Child-Related Tax Policies Comparison:** Rhode Island currently provides a child dependent deduction of \$5,250 per child that functions as a personal tax exemption and phases out at AGI of \$261,000. This “dependent exemption (DE)” provides an average reduction in taxes of \$283 for eligible taxpayers. The Governor’s FY2027 budget recommendation included a proposal to replace this dependent exemption with a new tax credit of \$325 per child that also phases out at \$261,000. Article 6 of the Budget retains the dependent exemption (and related phase-out thresholds) and **adds** a \$330 per child credit that phases out at either \$100,000 or \$125,000, depending on filing status. The following table compares the average reduction in taxes by AGI for current law, the Governor’s proposal, and Article 6.

Average Reduction in Taxes (ART) for Eligible Filers

RI Modified AGI	Current Dependent Exemption		Governor \$325 CTC / No DE		Article 6 \$330 CTC & DE & MFJ	
	Filers	ART	Filers	ART	Filers	ART
Under \$1	-	-	404	(\$453)	404	(\$459)
\$1-\$10K	< 10	-	3,766	(428)	3,766	(434)
\$10K-\$25K	5,907	(\$108)	16,418	(515)	16,418	(560)
\$25K-\$50K	26,411	(252)	27,247	(455)	27,247	(704)
\$50K-\$75K	17,183	(277)	17,183	(444)	17,183	(728)
\$75K-\$100K	12,441	(288)	12,441	(456)	10,121	(712)
\$100K-\$200K	29,054	(367)	28,985	(472)	2,442	(561)
\$200K-\$500K	6,289	(406)	4,062	(416)	-	(406)
Total	97,285		110,506		77,581	
Average		(\$283)		(\$455)		(\$571)
FY27 Cost				(\$14,942,654)		(\$23,121,798)
FY28 Cost				(\$29,657,570)		(\$46,644,998)

Joint filers under \$125K only, other taxpayers have been phased out at this AGI
 Filers at this AGI aren't eligible for the CTC but are eligible for the DE until AGI reaches \$261,000

Tax filers with AGI under \$100,000 benefit more, on average, under the Article 6 scenario than under current law or the Governor’s proposal; 62.0 percent of those filers would have a greater than 50.0 percent increase in benefit as compared to the Governor. Article 6 is designed to drive the most significant relief to those with AGI between \$10,000 and \$100,000, a demographic who are working but have low incomes. Because the income eligibility thresholds in Article 6 are lower than the current dependent exemption (\$100,000/\$125,000 as compared to \$261,000) Article 6 retains the current dependent exemption to avoid creating a tax increase for those filers with incomes between the thresholds. Of note, the \$561 average reduction in taxes for tax filers above \$100,000 under Article 6 is only for those taxpayers with AGI between \$100,000 and \$125,000 who are married and filing jointly. All other taxpayers with AGI above \$100,000 may use the dependent exemption up to \$261,000 of AGI. The following table continues the comparison:



- State Fiscal Impact:** The CTC under Article 6 is estimated to result in a revenue loss of \$23.1 million in FY2027 and \$46.6 million in FY2028. This is \$8.2 million and \$17.0 million more than the Governor’s proposal, respectively.

Tax Amnesty: Provides a tax amnesty program for a 75-day period ending February 15, 2027. Under the program, civil, and criminal penalties for non-compliance with state tax laws would be forgiven, and interest owed will be reduced by 25.0 percent. It is estimated that \$26.3 million of additional one-time revenue collections would result from the amnesty period. The State implemented tax amnesty programs in FY2018, FY2013, and FY2007. The Office of Revenue Analysis (ORA) used collections data from those previous amnesty periods that were used to develop the FY2027 fiscal impact.

Tax Amnesty Fiscal Impact	
Tax Type	Fiscal Impact
Personal Income	\$8,797,480
Departmental Receipts	8,053,306
Sales and Excise	4,531,705
Business Taxes	4,140,177
Estate Tax	825,325
Total	\$26,347,993

The Budget includes \$750,000 in operating and contract services expenditures to implement the program in FY2027.

Decoupling from Sections of HR-1: Decouples state policy from certain new federal rules related to how a business’ income is determined for tax purposes. Rhode Island’s income tax laws piggyback off the federal Internal Revenue Service’s rules and statutes. This includes the definition of net income for state business corporations tax purposes, inclusive of all the various modifications to taxable income that are allowed at the federal level.

In 2025, Congress enacted significant changes to the federal tax structure that include a modification relating to how businesses can treat research and development (R&D) costs and limitations on how interest expenses and small business stock gains are treated when determining income.

- **R&D Expensing:** Since businesses have been required to amortize R&D over a five-year period. Under new federal law, starting in tax year 2025 businesses are allowed to expense all of these costs in the first year. This leads to a much-reduced net taxable income for a business in that first year. The effect on taxable income however moderates over time as the costs are expensed earlier. The FY2026 Budget as Enacted decoupled from this new provision for FY2025. The Division of Taxation and the ORA estimate that this action preserved \$65.8 million in TY2025. Article 5 permanently extends this decoupling as it relates to R&D expensing. This is estimated to increase general revenue by \$22.6 million in both FY2026 and FY2027. As indicated, the fiscal impact reduces in the out-years, to \$10.9 million in FY2028 down to \$2.0 million by FY2031.
- **Business Interest Limitations:** Federal law limits the deduction of interest expenses of a business to 30.0 percent of “adjusted taxable income” (ATI) for a tax year. Prior to HR-1, ATI was defined as earnings before interest and taxes (EBIT). Starting in 2025, ATI was redefined as earnings before interest, taxes, depreciation and amortization (EBITDA). This expanded definition means the allowable deduction becomes greater (decreasing tax liability). By decoupling from this provision of federal, state revenue is estimated to increase by \$4.0 million in FY2027.
- **Small Business Stock Gains:** To encourage investment in qualified small businesses, HR-1 allows investors to exclude some or all the gain from stock in those businesses. Stock held for five years is eligible for a 100 percent exclusion of the gains. There are three tiers of capital gain exclusion: 50.0 percent for stock held for three years, 75.0 percent for stock held for four years, and 100 percent for stock held for five years or more. Excluding these gains lowers AGI and therefore state tax liability. Decoupling from this provision results in an increase in state revenue beginning in FY2029.

Cigar Distributor Definition: Section 3 amends RIGL 44-20-1 to revise the definition and permitted activities of cigar dealers and distributors within the State. The legislation expands the definition of distributor to include dealers with cigar sales representing 50.0 percent or more of their annual sales. Distributors who qualify under the new definition are permitted to hold both their dealer and distributor licenses at the same address, as well as obtain pipe tobacco products from an unlicensed manufacturer, importer, or distributor.

ARTICLE 7: RELATING TO EDUCATION

The article returns the Central Falls School District to local control, modifies the statutes governing the school housing aid program, increases the student success factor weight in the education aid funding to 43.0 percent for all districts, continues the requirement for the Department of Elementary and Secondary Education (Department) to submit an estimate of education aid that uses Medicaid into FY2028, extends the Hope Scholarship Pilot Program at Rhode Island College, and expands eligibility for the Promise Scholarship Program at the Community College of Rhode Island (CCRI). In addition, the Article requires the Department to submit a report comparing the Blue Ribbon Commission’s education funding proposal to the current system by October 1, 2026, and adjusts the 14.0 percent cap on the reduction for local tuition to charter and state schools in FY2027.

- **Central Falls:** The article repeals the enabling statute for the Central Falls School District Board of Trustees, RIGL 16-2-34, effectively returning the district to local control. Beginning in FY2027, the City will contribute to the district the sum of 1.0 percent of the prior year total tax levy, the city’s prior year contribution, and \$500,000 from the school district’s fund balance in FY2027 reduced by \$50,000 annually until balance meets target end point. The article also enables the City to exceed the minimum tax levy under RIGL 44-5-2 as needed to meet its contribution obligations if certified by the Department of Revenue. A review of the funding requirements will be conducted by the City, the Division of Municipal Finance, and the Department of Elementary and Secondary Education by September 30, 2030, as preparation for the FY2032 budgeting process.

- **School Housing Aid Program:** For projects completing after July 1, 2026, the article increases the project cost threshold requiring a project manager and a commissioning agent from \$1.5 million to \$10.0 million, subject to inflation, and caps the cost at 3.0 percent of total project costs. For projects commencing after July 1, 2026, in excess of \$10.0 million, the prime contractor for the project must receive prequalification from the Division of Purchases in order to qualify for state funding. These changes are projected to generate program savings.

In addition, effective July 1, 2025, the article repeals the requirement that surplus funds appropriated to the school housing aid program be deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA).

- **Education Aid Student Success Factor:** The education funding formula statute requires that a weight be applied the core instruction per-pupil amount for each child whose family income is at or below 185.0 percent of the federal poverty guidelines. The article increases this weight from 40.0 percent to 43.0 percent.
- **Hope Scholarship:** Article 7 extends the Hope Scholarship Pilot Program, a state-funded scholarship program for Rhode Island College juniors and seniors, for three more years with a sunset of June 30, 2033. Reporting requirements remain.
- **Promise Scholarship Program:** The article expands eligibility for the Rhode Island Promise Scholarship at CCRI to students who enrolled in a postsecondary institution immediately after graduating high school or received an equivalency diploma but only remained in that institution for one semester and enrolled in CCRI the following semester. The article also allows eligible students to defer enrollment in CCRI for one semester.
- **Blue Ribbon Commission:** The Article requires the Department, in collaboration with the Office of Management and Budget and the Division of Municipal Finance, to submit a report comparing the Blue Ribbon Commission's education funding proposal to the current system, using validated FY2025 Uniform Chart of Accounts data. The report must be submitted by October 1, 2026, and include comparisons of state and local contributions, recommendations for proposed weights, and an analysis of the statutory recommendations.
- **Local Tuition Reduction Cap:** The FY2026 Budget as Enacted article caps the reduction in local tuition to charter schools and mayoral academies at 14.0 percent; however, the article removes the cap in FY2027 only for mayoral academies serving students from fewer than four school districts that have been approved by the Department as sending.

ARTICLE 8: MEDICAL ASSISTANCE

This article modifies current laws governing the Hospital Licensing Fee (HLF); Disproportionate Share Hospitals (DSH); Medicaid rates for hospitals and nursing, and the annual Medicaid Resolution. In addition, the article authorizes EOHHS to implement the Achieving Healthcare Efficiency through Accountable Design (AHEAD) model and establishes five Family Care Community Partnership (FCCP) catchment regions through the Department of Children, Youth and Families.

- **Hospital Licensing Fee (HLF):** The article includes technical amendments to remove outdated language and continues the fee into FY2027 with no advancement in the base year, thus holding the FY2027 revenue estimate at \$232.5 million, consistent with the FY2026 level and the May 2026 Revenue Estimating Conference.
- **Disproportionate Share Hospital (DSH) Payments:** The article adds a base year to allow payments in FY2027, based on financial data from 2025, in an aggregate amount not to exceed \$38.9 million, including a limit of \$12.9 million to Pool C government-owned hospitals and \$26.0 million to Pool C hospitals. This represents an increase of \$25.0 million, including \$10.5 million in general revenue and

\$14.5 million in federal funds, for Pool D hospitals over the FY2026 Budget as Enacted. This section also removes references for FFY2024 DSH payments.

- **Long-Term Services and Supports:** While current law authorized the Secretary of Health and Human Services to develop higher resource eligibility limits for individuals to receive Medicaid home- and community-based services, the article sets the limits at \$8,000 for individuals and \$12,000 for couples, up from \$4,000 and \$6,000 respectively.
- **Achieving Healthcare Efficiency through Accountable Design (AHEAD):** The article requires the Secretary of Health and Human Services to implement the AHEAD Model Grant program, in coordination with the Health Insurance Commissioner, and report to the General Assembly on the program’s activities by October 31, 2026, and annually thereafter. The reports are to outline activities and funding from the previous year; any legislative authority needed for implementation; stakeholder interest and participation; and, long-term value of implementing alternative payment models. The Budget includes federal funding of \$581,260 in FY2026 and \$1.4 million in FY2027 for this initiative.
- **Family Care Community Partnerships (FCCP) Region Establishment:** The Budget formally establishes in statute the current FCCP regional service coverage policy of DCYF. The Department contracts with one FCCP provider in each defined region of the State to provide critical prevention resources. Codifying these requirements ensures that the Department can continue to receive Medicaid reimbursement for this service when it implements a new Medicaid rate payment methodology
- **Medicaid Resolution:** The article establishes the legal authority for the Secretary of the Executive Office of Health and Human Services (EOHHS) to review and coordinate amendments to the Medicaid State plan and category II and III changes in the demonstration “with potential to affect the scope, amount, or duration of publicly-funded health care services, provider payments or reimbursement, or access to or the availability of benefits and services provided by Rhode Island general and public laws”. In FY2027, the article provides the EOHHS will seek federal approval for the following changes:
 - **Substance Abuse Residential Services:** Elimination of annual rate increases
 - **Assisted Living Tier C Rates:** Increase Tier C rates by 13.0 percent beginning January 1, 2027
 - **Children Services Rate Setting:** Pursue and implement reimbursements rates resulting from the Children’s Services Rate Setting project
 - **Provider Reimbursement Rates:** Implement Medicaid provider reimbursement rate increases limited to the lower of 100.0 percent of the increase recommended or 100.0 percent of the Medicare rate
 - **Change to Rates for Nursing Facility Services:** Pursue and implement and update the behavioral health per-diem add-on program for particularly complex patients
 - **Glucagon-like Peptide-1 (GLP-1):** Removal of Medicaid coverage, except if prescribed to treat type 2 diabetes
 - **Targeted Case Management:** Reimbursement for targeted case management for children and youth, up to 21 years of age, by qualified staff at the Department of Children, Youth and Families
 - **Graduate Medical Education for Federally Qualified Health Centers:** Review and assess Medicaid waiver or state plan opportunities to support accredited primary care-focused physician residency programs and report options, recommendations, and estimated fiscal impact to the General Assembly and Governor by November 1, 2026
 - **Federal Financing Opportunities:** Allows EOHHS to pursue any changes that “promote, increase and enhance service quality, access and cost-effectiveness”. Any such action shall not have an adverse impact on beneficiaries or increased expenditures beyond the FY2027 state appropriation.

- **Acute Hospital Care at Home Program:** The Article includes a Joint Resolution authorizing the Secretary of the Executive Office of Health and Human Services to establish and maintain a program for “eligible medical assistance enrollees and managed Medicaid enrollees” to cover hospital at home services and to apply for any State Plan amendments or waivers necessary to implement the initiative. The resolution requires the Secretary to report to the Governor and the General Assembly on the cost of the program; however, the GBA does not include any language on what details would be included in the report, when the first report is due, or whether the reporting requirements is ongoing.

ARTICLE 9: RELATING TO LEASES

This article authorizes lease agreements for the Department of State, Department of Environmental Management, Office of the Public Defender, Department of Human Services, and the Office of the Postsecondary Commissioner. Pursuant to RIGL 37-6-2(d), approval from the General Assembly is required for any new or extended lease agreements with a term of five years or more and with aggregate rent exceeding \$500,000.

- **Secretary of State – 148 West River Street, Providence:** The article authorizes the Department of State (Secretary of State) to renew its current lease with EGMP 146-148 West River LLC, for a term not to exceed ten years. The current lease for 12,152 square feet of office space is set to expire on July 31, 2026. The property is located at 148 West River Street, Providence, and is currently used as office space for the Department’s Finance and Personnel staff, the Corporations program, and the Elections and Civics program. The article stipulates that the aggregate fixed rent is not to exceed \$2.9 million over the ten-year period.
- **Department of Environmental Management – 235 Promenade Street, Providence:** The article provides General Assembly approval of a new, ten-year lease for 115,733 square feet at 235 Promenade Street that is currently occupied by the Department of Environmental Management (DEM). This is a decrease in space from the existing rent agreement which provides 126,184 square feet and expires on June 30, 2026. The new lease agreement will provide for annual, fixed rent for the first 5 years that will not exceed \$2.8 million or \$3.0 million for the remaining five years. For the current fiscal year, the annual rent is slightly under \$2.6 million. The term of the lease may not exceed 10 years, and the aggregate rent may not exceed \$28.6 million. As part of the lease renewal, DEM will be reconfiguring office space to be more efficient, and customer-facing. The decrease in square footage increases the cost per square foot from \$20.50 to about \$23.86, or 16.4 percent.
- **Office of the Public Defender – 160 Pine Street, Providence:** The article authorizes the Office of the Public Defender to renew the lease agreement with PK Lamb Properties, Inc. for approximately 19,777 square feet of office space located at 160 Pine Street in Providence. The property serves as the agency’s main office, with a current lease set to expire on July 31, 2026. The article stipulates that the aggregate fixed rent is not to exceed \$2,418,095 for a term not to exceed five (5) years. The annual fixed rent for the renewal term shall not exceed \$483,619.
- **Department of Human Services – 77 Dorrance Street, Providence:** The article authorizes the Department of Human Services to renew the lease with 77 Dorrance Street LLC in Providence for a five-year period. DHS currently holds a lease agreement with 77 Dorrance Street for office space to be administered by the Office of Child Support Services. Annual rent for 2026 is \$412,992. The article provides for the aggregated base rent for a five-year period, inclusive of janitorial services, not to exceed \$2.5 million, with annual fixed rent not to exceed \$500,753.
- **Office of Postsecondary Commissioner – 83 Tower Street, Westerly:** The article authorizes a lease agreement for additional education space to be administered by the Office of the Postsecondary Commissioner (OPC). The article authorizes the lease of 2,385 square feet of space at the Tower Street Community Center, for a period of 10 years with 3 optional extensions of 10 years each. The article stipulates that the aggregated base rent is not to exceed \$2.0 million. The lease requires a one-time lump

sum pre-payment of \$1.5 million, and additional base rent of \$50,000 a year. Funding for the pre-payment is supported through the Consolidated Appropriations Act of 2023 to be used to support economic development. The remaining payments for the base rent will be made from funds available to the Office based on annual appropriations made by the General Assembly. According to the Office, the base rent payment will be funded through the Higher Education and Industry Centers restricted receipt account.

ARTICLE 10: RELATING TO HEALTH AND HUMAN SERVICES

Article 10 makes the following changes to several health and human services programs.

Child Care Eligibility Increase Beginning January 1, 2027, the article increases the income limit for eligible families from 261.0 percent to 285.0 percent of the federal poverty level (FPL). According to the U.S. Department of Health and Human Services, for a family of 3 in 2026, 261.0 percent of the FPL is \$71,305 and 285.0 percent of the FPL is \$77,862 annually, which is \$9,709 more than the [State Median Income](#) (\$68,253 for a family of 3). The article also establishes a new ‘protective services category’ which includes foster or kinship children served through DCYF.

Child Support Pass Through: Article 10 increases the child support pass through from \$50 regardless of the number of children to \$100 for one child and \$200 for more than one child.

Child Care Rate Increase: The article increases reimbursement rates for infants at center-based childcare providers by 5.0 percent. The maximum reimbursement rates for infants/toddlers, preschool, and school-aged care for licensed childcare centers will continue to be paid on a tiered rate based on the quality rating the provider has achieved within the State’s Quality Rating system.

Early Intervention Program: The article requires the Secretary of the Executive Office of Health and Human Services (EOHHS) to ensure that children diagnosed with developmental disabilities whose third birthday is between May 1 and August 31 continue to receive early intervention (EI) services through September 1 after the child’s third birthday. EOHHS is required to appoint and convene an implementation advisory committee to advise on the implementation of a plan to ensure the continuation of services and provide a report evaluating the implementation of the plan no later than September 30, 2031. The article also requires private and public health insurers to cover the extended EI option.

Pay for Success: The article extends the Pay for Success pilot program from five to six years, ending the pilot program in 2027, and allows the Executive Office of Health and Human Services (EOHHS) to collaborate with an organization, in addition to the Rhode Island Coalition to End Homelessness, to provide annual reports to the General Assembly. The FY2022 Budget as Enacted authorized a five-year pay-for-success pilot program within EOHHS to provide supportive housing and additional wraparound services to a cohort of 125 individuals experiencing homelessness. Due to a lag in implementation, the program is currently in year three of operations, not year four.

988 Hotline: The article codifies the State’s 988 National Suicide Prevention Hotline program and provides the Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH) with the statutory authority to administer it. It includes a requirement that BHDDH consult with the Department of Children, Youth, and Families regarding rules and regulations specific to 988 services for children, youth, and their families. The hotline has been operational since July 2022 and was implemented to ensure that Rhode Island maintains compliance with the National Suicide Hotline Designation Act of 2020 and the Federal Communications Commission adopted rules to ensure that all citizens receive a consistent level of crisis behavioral health services.

SSI Benefits for Children in State Care: Article 10 includes language requiring the conservation of benefits for eligible youth under the temporary custody or guardianship of the Department of Children, Youth, and Families. Requires that an accounting of the use and conservation of benefits are submitted annually, as well as within 10 business days of a request, to a youth’s attorney and guardian ad litem. Includes

requirements for financial literacy training for youth in care beginning by age 14 as well as guidelines for the transition of conserved benefits when the Department’s guardianship of the youth is terminated.

ARTICLE 11: RELATING TO ENERGY

This article makes several changes to the States energy laws to address affordability while supporting emissions reduction and clean energy efforts, as well as making several changes to the organization of state government. Specifically, the article:

- **Green Buildings Advisory Council:** Amends RIGL 37-24-5 to transfer the administrative authority for the Green Buildings Advisory Council (GBAC) and the Green Buildings Act (GBA) from the Department of Administration (DOA) to the Department of Business Regulation (DBR). The article requires the DOA to commission a report to analyze costs and benefits of Leadership in Energy and Environmental Design (LEED) certification compared to equivalent standards.
- **Roadway Repair:** Amends RIGL 39-2-2 to revise the responsibilities of public utilities and public facilities that alter, disrupt, or excavate a roadway. The legislation requires utilities and facilities to repave, repair, or restore the full width of the affected travel lane for the entire length of the excavation. Current law requires utilities and facilities to repair the roadway from curb-line to curb-line, which historically has been a more expensive option. The legislation also directs the public utility or facility to recover all costs in accordance with generally accepted accounting principles.
- **ISO New England Membership:** Requires all eligible electric distribution companies located in Rhode Island to join or be a member of Independent System Operator (ISO) New England. According to the Budget Office this change should result in the elimination of the 50-basis-point Return on Equity incentive associated with such companies’ voluntary participation in the regional transmission organization (RTO).
- **Long-Term Contracting Requirements:** Repeals RIGL 39-26.1-4 eliminating a financial incentive to the electric distribution company for executing contracts for renewable energy. The incentive provides compensation to energy utilities to take on the financial obligation for long-term renewable energy contracts. The incentive allows an electric distribution company to charge 2.75 percent above the actual annual payment made by the company for the long-term contracts made prior to January 1, 2022, and charge 1.0 percent above the actual cost for contracts made after January 1, 2022, through December 31, 2026.
- **Net Metering:** Revises the Virtual Net Metering (VNM) program for large-scale solar projects. VNMs are offsite solar systems that provide energy into the electric grid. They are large solar farms with limits of 10 megawatts per site.

- **Tariff System Changes:** All operating and non-operating VNM projects will be given a choice to opt into a new alternate fixed-rate tariff system within 90 days after the Public Utilities Commission (PUC) approves a tariff (the term that the PUC uses for rates and terms for utility services), or 60 days after the execution of an interconnection agreement (the contract between a renewable energy generator and Rhode Island Energy (RIE)); or remain on the current “C-06” retail rate tariff for their compensation term. The C-06 rate for April 1, 2026, to September 30, 2026, is \$0.10485 per kWh.

The option to go into the new alternate tariff system is a voluntary one-time irrevocable election.

The current C-06 tariff is a PUC approved rate schedule that is subject to future regulatory changes including the restructuring of rate components

The new fixed-rate tariff system schedule will be set by statute at \$0.19 per kWh in 2027 (equivalent to the 2025 rate) and will increase by 2.75 percent annually over a 25-year term. This option will provide developers with the certainty of receiving a fixed rate fee for the full term that cannot be altered by future revisions through the PUC rules process.

- **VNM Cap:** The GBA lowers the VNM cap that was set in 2023 from 275 megawatts to 175 megawatts to shift future projects to the Renewable Energy Growth Program. The State is running two separate compensation programs for large scale solar projects. The Office of Energy Resources testified that there is 90 to 99 megawatts of production in the interconnection que.
- **Renewable Energy Standards – Zero Emission Resources:** Adds large scale hydroelectric and nuclear as zero emission resources that have no direct emissions of greenhouse gases.
- **Alternative Compliance Payments:** Amends the alternative compliance payment (ACP). Current law is \$50 per megawatt hour of renewable energy obligation and that is deposited in the Renewable Energy Fund. The article proposes a tiered fee per megawatt hour of \$40 for new renewable energy and zero emission sources and \$11 per megawatt hour for existing renewable energy and zero emission sources.
- **Legislative Reporting:** Requires the Public Utility Commission to commence a comprehensive review on or before January 1, 2027, on the State’s progress in meeting the renewable energy standard, the progress of meeting the greenhouse gas reduction requirements and carbon reduction goals, and report on the estimated cost of complying to the renewable energy standard. The report and its findings is to be completed on or before December 31, 2027.
- **Long-Term Contracting Requirements:** Repeals RIGL 39-31.11 eliminating a financial incentive to the electric distribution company for executing contracts for newly developed renewable energy resources. The incentive provides compensation to energy utilities to take on the financial obligation for long-term renewable energy contracts. The incentive allows an electric distribution company to charge 1.0 percent above the actual annual payment made by the company for the long-term contracts made prior to January 1, 2022, through December 31, 2026.
- **Weatherization Assistance Program:** Transfers the administration and management of the Weatherization Assistance Program (WAP) and 4.0 FTE positions, as well as a portion of the federal Low-Income Home Energy Assistance Program (LIHEAP) from the Department of Human Services to the Office of Energy Resources.
- **Energy Benchmarking:** Amends RIGL 42-140-13, the Rhode Island Energy Resources Act, to establish new implementation and reporting requirements for energy benchmarking and performance standards of state-owned buildings. Beginning March 31, 2029, and recurring annually afterwards, state departments shall report to the Office of Energy Resources (OER) on energy use data for each state-owned building and facility listing the fuel used and total emissions. The article requires the OER to provide technical and financial assistance to municipalities implementing energy benchmarking of municipal-owned public buildings

ARTICLE 12: RELATING TO HEALTH

This article creates and modifies laws related to the accessibility, delivery, and transparency of health care.

Rural Health Transformation Program: The article amends numerous statutes related to the regulation and delivery of health services to obtain \$156.2 million in federal funds from the federal Rural Health Transformation initiative, including:

- **Pharmacist Authority to Test, Treat, and Prescribe:** Provides pharmacists with the authority to prescribe drugs, devices, and laboratory tests that are critical to public health improvement. The Article also amends RIGL 5-19.1-2, allowing pharmacists to perform clinical laboratory tests beyond “limited function tests”.
- **Dental Hygienist Practice:** Expands range of preventative dental services in which a dental hygienist may preform, allowing dental hygiene assessments, diagnostic treatment, and prescriptive authority without a Doctor of Medical Dentistry (DMD) present. The Article also allows supervisory authority over dental assistants.

- **Licensure Compacts:** Extends nurse licensure compact for 2.0 years, until January 1, 2029, and enters a Physician Assistant licensure compact.
- **Nutrition Education:** Requires one hour of nutrition education for Physicians biannually.
- **Dissemination of Criminal Records:** Prohibits the dissemination of federal and state criminal records received by the Rhode Island Department of Health or Board of Medical Licensure and Discipline to the Interstate Medical Licensure Compact.
- **Certificate of Need (CON):** Amends the Certificate of Need (CON) process by removing various outpatient services and low-cost alternatives to traditional care from review; raises the capital expenditure threshold; eliminates the reapproval requirement for minor cost increases; adds exemptions for state projects; and limits procedural delays by competitors' post-approval. The article removes home nursing care providers, home care providers, hospice providers, and drug and alcohol abuse treatment centers from the definition of providers covered by the CON process. According to the Budget Office, the amendment aligns Rhode Island's policy with other States, reduces regulatory burdens, fosters new healthcare entrants, and expands access to underserved communities.

Psychiatric Resource Network (PRN): Repeals language that required the Department of Health's (RIDOH) Psychiatric Resource Network (PRN) be funded through the health insurance assessment, instead mandating that the Department manage any and all funds available to effectuate coverage the PediPRN and MomsPRN programs.

Birthing Centers: Sets forth legislative findings that establish a review and information disclosure process to avoid the closure of a birthing center.

Rhode Island Birthing Center Access, Transparency, and Financial Accountability Act of 2026: The article amends the hospital conversion act, establishing the Rhode Island birthing center access, transparency, and financial accountability act of 2026, which prohibits the closure or significant reduction of services of a birthing center without a review process to determine whether the closure was unavoidable.

Pharmacy Benefit Managers: Article 12 establishes the Pharmacy Benefit Manager Transparency Reporting and Study Act which requires Pharmacy Benefit Managers to provide the Office of the Health Insurance Commissioner with a transparency report detailing financial business information related to practices amongst pharmacy benefit managers in RI. The Office will utilize this information to conduct its own study on PBM's and make recommendations related to industry regulations to the General Assembly.

Primary Care Assessment: Sunsets the primary care assessment on October 1, 2026.

Health Spending and Transparency Program: The article establishes the Health Spending and Transparency Program within the Office of the Health Insurance Commissioner to address health care affordability, specifically codifying the cost growth target program. The program was originally launched in 2019 by Executive Order 19-03 and has successfully controlled Rhode Island's health care spending. However, the Office reviewed other State's cost target programs and found that successful cost growth target programs share common statutes.

Rhode Island Marketplace Affordability Program Act: The article establishes the Rhode Island Marketplace Affordability Program, which is a State-based subsidy program, appropriating \$9.5 million in general revenue which will partially replace the expired advanced premium tax credits (APTC). The program prioritizes households with incomes below 200.0 percent of the federal poverty line in the first year of the program and is estimated to aid approximately 20,000 individuals.

Ladders to Licensure: Loosens restrictions on the use of funds for the State's Ladders to Licensure program by decreasing the number of grant partnerships required from three to four to at least two and eliminating the need for the grantees to be private sector organizations.

ARTICLE 13: RELATED TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY2026

This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also makes the following changes:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,946.8 FTE positions, reflecting a net increase of 25.0 FTE positions, as compared to the authorized level set in the FY2026 Budget as Enacted
- Details Community Service Objective grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2027. In addition, the Office of the Postsecondary Commissioner shall provide \$7.5 million be allocated to the Rhode Island Promise Scholarship program, and \$5.0 million to support the Rhode Island Hope Scholarship Program, \$455,000 to support the Onward We Learn, \$100,000 to the Rhode Island School for Progressive Education, \$151,410 to support the State's membership in the New England Board of Higher Education, and \$75,000 to Best Buddies Rhode Island.
- Includes language requiring all unexpended or unencumbered balances as of June 30, 2026, relating to the Learn 365 program are reappropriated to FY2027.
- Funds \$1.9 million in general revenue for a special education pending settlement to provide compensatory special education services, related administrative costs, and attorney fees to support a settlement authorized by the Rhode Island Board of Education. The case was brought under the federal Individuals with Disabilities Education Act (IDEA) for a class of students with a disability who did not earned a regular high school diploma due to turning 21 but would have qualified for a free appropriate education until age 22.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million. It requires the Judiciary to provide \$500,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021.
- Amends federal funds, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund pursuant to the American Rescue Plan Act of 2021.
- Requires the Department of Revenue to transfer \$5.0 million from the Marijuana Trust Fund restricted receipt account to the State Controller by June 30, 2026.

ARTICLE 14 - RELATING TO EFFECTIVE DATE

This article provides that the Act will take effect on July 1, 2026, except as otherwise provided herein.

Senate Fiscal Office

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Commission on Disabilities
Convention Center Authority
General Treasurer
Governor
Historic Preservation and Heritage Commission
Human Rights Commission
I-195 Redevelopment Commission
Lieutenant Governor
Military Staff
Public Utilities Commission
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Business Regulation
Cannabis Control Commission
Commission on Deaf and Hard of Hearing
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